



CSAC Excess Insurance Authority

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# **Comprehensive Annual Financial Report**

**Fiscal Years Ended June 30, 2013 and 2012**

**- California -**

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

**EXECUTIVE COMMITTEE**

<b>Name</b>	<b>Office</b>	<b>Entity</b>
Barbara Lubben	President	Alameda County
Larry Moss	Vice President	EBRPD
James Brown	CAO	Merced County
Maryellen Peters	Risk Manager	Placer County
Peggy Scroggins	Finance	Colusa County
Peter W. Huebner	Supervisor	Sierra County
Teri Enos- Guerrero	Public Entity Rep.	City of Chula Vista
Jim Sessions	At-Large	Riverside County
Kristen McMenomey	At-Large	Mendocino County
Lance Sposito	At-Large	Santa Clara County
Scott Schimke	At-Large	Glenn County
Steve Underwood	Legal Counsel	CSAC EIA
Michael Fleming	Chief Executive Officer	
Gina Dean	Chief Operating Officer	

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Report Prepared By The  
**Finance Department**

Marianne Stuart, CPA, Chief Financial Officer  
Vicki Walter, CPA, Controller  
Trina Johnson, CPA, Accountant  
Deirdre Robinson, Accounting Technician  
Mercy Penales, Accounting Technician

**CSAC EXCESS INSURANCE AUTHORITY**  
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## **INTRODUCTORY SECTION**



December 13, 2013

Members, Board of Directors  
CSAC Excess Insurance Authority

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the CSAC Excess Insurance Authority (the EIA or the Authority) for the year ended June 30, 2013, is hereby respectfully submitted. The Authority's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the EIA. Based upon our comprehensive framework of internal control, we believe the data is accurate in all material respects; that it fairly sets forth the financial position and results of operations of the EIA, as measured by the financial activity of its various programs and policy periods, and that all necessary disclosures for understanding the Authority's financial affairs have been included.

James Marta & Company, Certified Public Accountants, has issued an unqualified opinion that the Authority's financial statements, for the fiscal year ended June 30, 2013, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **CSAC EXCESS INSURANCE AUTHORITY PROFILE**

CSAC Excess Insurance Authority is a Joint Powers Authority (JPA) established under Article 1, Chapter 5, Division 7, Title I of the California Government Code (§ 6500 et seq.) in October 1979. The EIA operates programs for excess and primary workers' compensation, two excess liability programs, a primary liability program, a property program, a medical malpractice program, a master rolling owner controlled insurance program, an employee health benefit program, a dental program and a miscellaneous program for other coverages. The EIA also provides support services for selected programs such as claims administration, risk management, claims audits, loss prevention and training, and subsidies for actuarial studies and risk management services.

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**EXECUTIVE COMMITTEE:**

Barbara Lubben President Alameda County	Larry Moss Vice President East Bay Regional Park District	Teri Enos-Guerrero City of Chula Vista	Peggy Scroggins Colusa County	Scott Schimke Golden State Risk Mgmt. Authority	Kristin McMenomey Mendocino County	James Brown Merced County	Maryellen Peters Placer County	Jim Sessions Riverside County	Lance Sposito Santa Clara County	Peter W. Huebner Sierra County
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From 1979 to 2001, membership in the EIA was limited to California counties. In June 2001, a sister JPA was created to allow non-county public agencies access to the EIA's programs. The EIA's Joint Powers Agreement was amended in March 2006 to provide a restructured governance system. Since 2006, the EIA has provided two classes of membership – county members (county entities maintaining their membership in the California State Association of Counties) and public entity members (any other public entity in California). The 61 member Board of Directors is comprised of representatives from each of the 54 county members appointed by their respective boards of supervisors, and seven public entity representatives (plus three alternates) elected by the public entity membership. The 11 member Executive Committee includes two seats specifically designated for public entity members of the Board of Directors. The day-to-day operations of the EIA are conducted by the Chief Executive Officer who is responsible for administration of policies set forth by the Joint Powers Agreement, Bylaws, Board of Directors and Executive Committee.

The EIA's reporting entity includes financial activities relating to all programs and insurance pools of the Authority.

### **INSURANCE MARKET CONDITION AND OUTLOOK**

The EIA operates in an environment that is affected by the overall insurance market. The insurance market operates in cycles that tend to shift every few years. When rates are high and the competition is low, we are said to be in a hard market. When rates are low and competition is aggressive, we are in a soft insurance market. The market moves and turns based upon overall profitability. Profitability is generally affected by sustained periods of better or worse than expected losses, or in the short term, better or worse than expected catastrophic losses.

#### Factors influencing a hard market:

Property rates are affected by worldwide catastrophic events including hurricanes, floods, and earthquakes. The cumulative effect of these events can create pressure to raise property rates. In 2013 though, rates were stable compared to 2012, and in fact we were able to negotiate a slight decrease in rates and some improvements in coverage.

The low interest rate environment that we are in hurts profitability and puts pressure on companies to raise rates. A major insurer of excess workers' compensation coverage began pulling out of the excess Workers' Compensation (WC) market in 2011 because this line of coverage has been unprofitable. This reduced competition in the market has already produced a firming up of rates in the WC market. Our own loss history impacts both WC and liability rates.

Factors influencing a soft market:

In spite of mounting losses and poor economic conditions, the insurance market remains well capitalized. Ultimately, it is market capitalization that creates the supply in the “supply and demand” free market system. Effective January 1, 2013, California reformed certain WC benefits including systemic reforms that are expected to reduce overall costs by an estimated 5%. This will help to keep the WC market in California from hardening too much, too fast, and somewhat mitigate the reduction in competition.

Current market trends (October 2013):

We are expecting property rates to remain flat in the near term. There is pressure on excess WC rates to go higher, as various reinsurers grapple with the long tail exposure on future medical claims. The outlook for both primary and excess liability and medical malpractice lines of coverage is stable at this point in time. On the employee benefits side, the impact of the Affordable Care Act will have on the EIAHealth program is unknown. Certain taxes and fees will be included in members’ health rates beginning January 1, 2014. Beyond that, we continue to monitor and evaluate developments as the federal government continues to implement universal healthcare.

**EIA RESPONSE TO MARKET CONDITIONS**

To mitigate the impact of a hard market cycle, the EIA has entered into multi-year agreements, wherever possible. Such multi-year agreements limit the amount of increases in subsequent years and promote long term relationships with insurers. We also have the ability to assume more risk and purchase less reinsurance if rates destabilize. Due to hard market conditions that were very acute, our Excess Workers’ Compensation and Excess Liability Programs were restructured on July 1, 2002, with the EIA retaining significantly more risk in our self-insured pools. However, since fiscal 2009 we have been able to purchase insurance to limit our pool exposure in our workers’ compensation programs. In the EIA’s Property Program, we have taken the additional step of pre-paying the primary coverage on a three-year basis. As of October 1, 2010, the EIA’s Medical Malpractice Program was able to buy occurrence-based coverage for the first time in 10 years.

The Authority’s programs have proven to be effective in both a hard and soft insurance market. We have seen that in a hard market, the cost to our members raises accordingly, competition decreases and the value of the Authority’s programs, compared to the alternatives available, is even greater than it is in a soft market.

## **MEMBERSHIP**

Total membership in the EIA stood at 299 as of June 30, 2013. In terms of county members, membership on June 30, 2013 included 54 small, medium and large counties. The 54 member counties represent more than a 93% market share of the 58 California counties. Public entity membership consists of 217 individual cities, schools, or special districts, and 28 joint powers authorities consisting of pools of cities, schools, or special districts, for a total of 245 public entity members. The 299 county and public entity members collectively represent 1,720 public agencies. As of June 30, 2013, it is estimated that 64% of all cities in California were covered by the EIA, either as a direct member or through a member JPA.

County and public entity members actively participate in Authority policy making. Of our 54 member counties, 37 are active on one or more of our committees and 36 different public entity members currently participate in the governance of the EIA programs and services by serving on committees.

## **SERVICES AND PROGRAMS**

EIA members have established ten major group coverage programs, with the newest program, our Master Rolling Owner Controlled Insurance Program incepting in January 2013. These ten coverage programs are described in greater detail on the following pages and include Primary Workers' Compensation, Excess Workers' Compensation, Primary General Liability, General Liability I, General Liability II, Property, Medical Malpractice, Master Rolling Owner Controlled Insurance Program, EIAHealth, and Dental.

In addition to the ten major coverage programs, the EIA sponsors group purchase insurance policies that are available to all California public entities – members and non-members. These Miscellaneous Programs cover exposures for cyber liability, watercraft, aviation liability, crime and faithful performance, pollution liability, catastrophic inmate medical, and course of construction. Members are also able to purchase group discounted excess limits, on an optional basis, for most of the major programs. The EIA sponsors employee benefits programs, such as the Employee Assistance Program, Vision, Long-Term Disability and Life and AD&D. The EIA and the California State Association of Counties jointly sponsor a Personal Lines Insurance Program (PLIP) that offers homeowners, personal auto and various types of supplemental insurance to employees of participating members.

The EIA has implemented numerous innovative risk management services designed to assist all members in effectively administering their self-insurance programs. Such services include claims audits, actuarial study subsidies, real and personal property appraisals, a “consortium” for members to meet federal regulations regarding drug and

alcohol testing, financial subsidies for risk management, and assistance with loss prevention activities including financial subsidies, resources and training.

### **PRIMARY WORKERS' COMPENSATION**

The Primary Workers' Compensation (PWC) Program provides Excess Workers' Compensation (EWC) Program members the opportunity to convert their \$125 thousand self-insured retention in the EWC program to first dollar coverage. The Program provides members with claims administration services, and several cost containment programs, including a Medical Provider Network and a Return to Work Program. The Program pays for claims with a blending of pooling and excess insurance. Since July 1, 2009, the structure of the PWC Program provides that the first \$10 thousand of each claim is paid out of the Program's pool and the Program's excess insurer pays for the balance of the claim, up to the program limit of \$125 thousand.

During the program years 2004 through 2009, the PWC Program retained the pool exposure from first dollar to \$125 thousand. During the 2009/10 fiscal year, the EIA packaged the outstanding liabilities on the 2004 through 2009 years, and sold these liabilities to ACE American Insurance Company at a cost of \$91.6 million. The increase in equity that resulted from this sale provided greater certainty for the overall funding of the remaining liabilities.

Since 2007/08, the PWC Committee has declared dividends every year. The dividends to date total \$37 million, and the Committee plans to continue its dividend program with \$5.5 million budgeted for fiscal year 2013/14.

### **EXCESS WORKERS' COMPENSATION**

The Excess Workers' Compensation (EWC) Program provides members with statutory coverage for workers' compensation and an employer's liability limit of \$5 million, subject to the members' self-insured retentions ranging from \$125 thousand to \$5 million. Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. The Program funds a \$5 million pool and purchases excess insurance in two layers to achieve statutory limits.

The EIA is always looking for opportunities to protect the pool exposure by purchasing reinsurance from the commercial market. In 2012/13 the EIA established a relationship with a new reinsurer, AmTrust and restructured the SIR to \$5 million layer to cap the pool exposure. The EWC Program has net position of \$12.9 million, as of June 30, 2013. This is an increase of \$10.5 million in net position compared to June 30, 2012, primarily due to increased pool funding at the direction of the Board.

## **PRIMARY GENERAL LIABILITY**

The Primary General Liability (PGL) Program provides General Liability I (GLI) Program members the opportunity to convert their \$100 thousand GLI self-insured retention to a \$10 thousand deductible. The Program then provides members with claims administration services, which is accomplished through two third party administrators. Under the Program's current structure, 100% of the pool's exposure (\$90 thousand excess of \$10 thousand deductibles) is reinsured with the commercial market. Beginning in 2009 and continuing through 2013, the coverage has been with ACE Insurance Company. On July 1, 2013, coverage was switched to Berkley Insurance Company.

The Program has built up a healthy fund balance from prior years' operations. As of June 30, 2013, the PGL Program has \$2.8 million in net position. A commutation of the reinsurance agreement with Imagine Insurance Company for the 2004 through 2009 period was approved in 2011/12. Imagine paid the PGL Program a commutation premium of \$2.2 million, and in exchange, the PGL Program accepted liabilities estimated at \$1.58 million, which has since been reduced to \$443 thousand. The PGL Committee declared a dividend of \$480 thousand in 2012 and \$550 thousand in 2013. In 2012, another dividend of \$707 thousand was paid to those members that contributed to the 2001/02 supplemental assessment for the Reliance insolvency, and in both years administrative fees were reduced with the balance coming from equity.

## **GENERAL LIABILITY I**

The General Liability I (GLI) Program provides members with coverage for third party liabilities (including general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to the members' self-insured retention, which can range from \$100 thousand to \$1 million (retentions as low as \$25 thousand can be provided on an exception basis). Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. The Program funds a \$5 million pool and purchases \$20 million in reinsurance to achieve the \$25 million limit.

The Board of Directors evaluates the funding position of the GLI Program each year. As of June 30, 2012, net position in the Program was \$35.1 million. Based on the Program's healthy funding position, the Board declared a dividend of \$3 million in the current year, with another \$3 million dividend budgeted for 2014.

## **GENERAL LIABILITY II**

The General Liability II (GLII) Program provides members with coverage for third party liabilities (general, automobile, employment practices and errors and omissions), up to a limit of \$25 million, subject to the members' self-insured retentions, which range from \$1 million to \$3 million. The GLII Program was specifically designed with the objective of offering larger members the advantages of the joint purchase of excess coverage, while maintaining their ability to handle and fund their primary losses. Because members maintain self-insured retentions in this Program, they are able to manage their own claims, either through a third party of their choice or with their own claims staff. Each member of the Program has a representative on the GLII Committee, which was established to administer and govern the Program.

## **PROPERTY**

The Property Program provides coverage for physical damage to members' real and personal property as a result of "all risk" perils, including flood and automobile physical damage. Members also have the opportunity to purchase earthquake coverage. The unique structure of the Program into towers spreads risk both geographically and categorically. This spread of risk allows the Program to access higher limits at reduced costs. Members of the Property Program have \$300 million in all risk limits per tower (plus another \$300 million single limit), \$300 million in flood limits per tower (plus another \$100 million single aggregate limit), and have access to \$307.5 million in earthquake coverage in one or more of five towers. The Program maintains a \$3 million pool with reinsurance and excess insurance providing the balance of the limits. The pool exposure is protected by aggregate stop loss coverage at \$10 million. The Program renews on March 31<sup>st</sup> of each year. In order to provide and promote stability, the primary \$25 million in limits is written on a three-year basis. The EIA has prepaid this three-year premium, on behalf of the members, so that members pay an annual premium plus a finance charge for the prepayment.

Because this is a fully insured program, with members' deductibles ranging from \$5 thousand to \$150 thousand, the primary reinsurer, Lexington, takes full responsibility for the adjustment of claims. The Program provides real property appraisal services, to all members, with each location valued over \$250 thousand being appraised every five years.

## **MEDICAL MALPRACTICE**

The Medical Malpractice Program provides members with coverage for medical professional services and limited general liability exposures at established healthcare facilities. The Program offers limits of \$21.5 million, in addition to the member's deductible or self-insured retention, which range from \$5 thousand to \$1.1 million. For members who maintain a \$5 thousand or \$10 thousand deductible, claims

administration is provided by the Program's third party administrator, Risk Management Services. Members who maintain a self-insured retention above those deductible limits, are able to manage their claims, either through a third party administrator or with their own claims staff. The Program funds a \$1.5 million pool and purchases \$20 million of reinsurance to fulfill the limits. Effective October 1, 2010, the Program's reinsurance agreement with Lexington Insurance was put on an occurrence basis. This will allow the Program to transfer its liability for tail claims in the reinsured layer to Lexington over the three-year period, October 1, 2010 to 2013. This elimination of the tail exposure will put the Program in a very favorable position, at such time when the market begins to harden. At the same time, the members have elected to fund the pool exposure on a claims-made basis, in order to take advantage of the risk financing benefits of lower cost and greater predictability and stability.

### **MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM**

January 1, 2013 the EIA developed a new program. The Master Rolling Owner Controlled Insurance Program (MR OCIP) enables members to purchase workers compensation and general liability coverage for all eligible parties (owner, general contractor, and sub-contractors) working on their construction projects. These policies (also known as "wrap-ups") are widely used on public sector construction projects and capital improvement programs. The MR OCIP program can include projects as small as \$10 million; thereby enabling members to receive the benefits of a "wrap-up" on projects that otherwise wouldn't qualify because of their size.

### **EIAHEALTH**

The EIAHealth Program, in partnership with Self Insured Schools of California (SISC), provides members an alternative to group health insurance plans using the concept of pooling to reduce insurance premiums through consolidating the fixed costs over a larger population. Members are able to create and maintain their own plan designs within the context of the pooling arrangement that provides much greater stability than a standalone program. In addition, small group programs are available with predefined benefit options for public employers with less than 250 employees. HMO options are also available to members on an insured basis. The EIAHealth Committee governs this Program.

### **DENTAL**

The Dental Program was launched in January 2010. This Program utilizes the pooling methodology to provide members with more predictable and stable dental rates year over year. The Program partners with Delta Dental to provide administrative services, including claims administration and access to the Delta Dental network of providers. The administrative fees in the Program are also some of the lowest offered by Delta Dental of California.

Members, Board of Directors  
December 13, 2013

The Employee Benefits Committee governs the Dental Program, as well as other miscellaneous employee benefit programs (i.e. Vision, EAP, Life and LTD). This Committee reviews all matters pertaining to the Dental Program, including program funding, new member applications and program renewals. The Program has both January 1<sup>st</sup> and July 1<sup>st</sup> renewal dates for members.

## **AWARDS & ACKNOWLEDGMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CSAC Excess Insurance Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the nineteenth consecutive year that the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Authority is a member of the California Association of Joint Powers Authorities (CAJPA). CAJPA sponsors the nation's first risk management accreditation program. This program establishes a model of professional standards, which serves as a guideline for all risk management pools regardless of size, scope of operation or membership structure. The accreditation process entails a detailed examination of legal and operational documents, risk management, loss control and claims programs, and statutory compliance by an independent examiner. The Authority has received CAJPA's "Accreditation with Excellence," which is the highest form of accreditation. The accreditation was awarded for a three-year period ending March 28, 2016.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administrative departments and we thank them for their contribution.

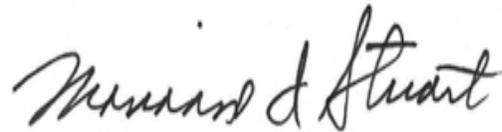
Members, Board of Directors  
December 13, 2013

Our sincere appreciation is expressed to the members of the Authority's Finance Committee and Executive Committee for their support in maintaining the highest standards of professionalism in the management of the Authority's finances, and to each Board of Director Member and Alternate, and all committee members, for their commitment to the Authority.

Respectfully Submitted,



Michael Fleming  
Chief Executive Officer



Marianne I. Stuart, CPA  
Chief Financial Officer

Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Alameda County			X	X	X	X				Barbara Lubben, Director of Risk Management	Karen Caoile, Senior Risk and Insurance Analyst
Alpine County	X			X	X	X		X	X	Carol McElroy, Treasurer—Tax Collector—Auditor	Sarah Simis, HR Manager
Amador County	X	X		X	X	X	X	X		Theodore Novelli, Supervisor	John Plasse, Supervisor
Butte County	X			X	X	X			X	Greg Iturria, Chief Financial Officer	Steve Weston, Safety Officer
Calaveras County	X			X	X	X	X	X	X	Francine Osborn, Dir. of HR/Risk Mgmt	Vacant
Colusa County	X			X	X	X			X	Denise Carter, Board of Supervisors	Mark Marshall, Board of Supervisors
Contra Costa County			X	X	X	X				Sharon Hymes-Offord, Risk Manager	Charity Camaddo-Nicolas, Assistant Risk Manager (LC)
Del Norte County	X			X	X	X				Joseph Young, Personnel/Risk Manager	Neal Lopez, Assistant County Administrator
El Dorado County			X	X	X	X		X	X	Kimberly Kerr, Assistant CAO	Sherri Adams, Principal Risk Mgmt. Analyst
Fresno County	X				X	X				Tracy Meador, Personnel Services Manager	Devon Benbrook, Senior Personnel Analyst
Glenn County	X			X	X	X				John Viegas, Supervisor	Scott Schimke, Risk Manager
Humboldt County	X			X	X	X	X		X	Dan Fulks, Personnel Director	Kelly Vizgaudis, Risk Analyst
Imperial County	X			X	X	X				Ralph Cordova, Jr., County Executive Officer	Brenda Olivas-Neujahr, Risk Management Analyst - Safety Administrator
Inyo County	X			X	X	X	X		X	Marlena Baker, Risk Manager	Kevin Carunchio, County Administrator
Kern County					X					Vacant	Brad Aragon, Loss Prevention Specialist
Kings County	X			X	X	X				Deb West, Assistant CAO	Sande Huddleston, Risk Analyst II
Lake County	X	X			X	X	X	X	X	Anita Grant, County Counsel	Kathy Ferguson, Human Resources Director

Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Lassen County	X			X	X	X			X	Richard Egan, Treasurer	Martin Nichols, County Administrative Officer
Madera County	X			X	X	X				Darin McCandless, Risk Management Analyst	Kevin Fries, Chief Assistant County Administrative Officer
Marin County				X						Karol Hosking, Risk Manager	Vacant
Mariposa County	X			X	X	X			X	Rick Benson, CAO	Mary Hodson, Deputy CAO
Mendocino County	X			X	X	X	X			Kristin McMenomey, General Service Director	Cherie Johnson, Human Resources Manager
Merced County	X			X	X	X		X		James Brown, County Executive Officer	Brad Smith, Risk Management Director
Modoc County	X			X	X	X			X	Chester Robertson, County Administrative Officer	Darcy Locken, Assistant County Administrative Officer
Mono County	X			X	X	X				Jim Leddy, County Administrative Officer	Bill Van Lente, Director of Human Resources/Risk Management
Monterey County					X	X				Steve Mauck, Risk Manager	Vacant
Napa County	X			X	X	X			X	Kerry John Whitney, Risk Manager	Suzanne Mason, Human Resources Director
Nevada County	X			X	X	X	X		X	Rick Haffey, County Executive Officer	Mary Jo Castruccio, Risk Manager
Orange County					X					Tom Phillips, Risk Manager	Frank Kim, CFO
Placer County	X			X	X	X			X	Maryellen Peters, Deputy CEO	Ken Brown, Liability Manager
Plumas County	X			X	X	X			X	Roberta Allen, Auditor/Controller	Patrick Bonnett, Assistant Risk Manager
Riverside County			X	X	X	X				Jim Sessions, Risk Manager	Michael Stock, Deputy HR Director
Sacramento County					X	X				Steve Page, Risk and Loss Control Division Manager	Paul Hight, Liability and Property Insurance Supervisor
San Benito County	X			X	X	X			X	Vacant	Jacki Credico, Management Analyst

Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
San Diego County					X	X				Donald W. Turko, Director, Human Resources	Janice Mazone, Deputy Director/Risk Management
San Joaquin County			X	X	X	X			X	Tanya Moreno, Safety and Risk Manager	Cynthia Clays, Director of Human Resources
San Luis Obispo County	X			X	X	X			X	Pamela Mitchell, Liability Analyst	Tami Douglas-Schatz, Human Resources Director
Santa Barbara County	X			X	X	X	X	X		Tom Alvarez, Budget Director	Ray Aromatorio, Risk Manager
Santa Clara County			X	X	X	X				Lance Sposito, Director of Risk Management	Vacant
Santa Cruz County			X	X	X	X			X	Janet McKinley, Risk Manager	Becky McBride, Senior Risk Management Analyst
Shasta County	X			X	X	X			X	Angela Davis, Director of Support Services	Jonathan Hill, Risk Management Analyst III
Sierra County	X			X	X	X		X	X	Van Maddox, Auditor/Treasurer/Tax Collector	Peter W. Huebner, Supervisor
Siskiyou County	X	X		X	X	X	X			Rose Ann Herrick, Assistant County Administrator	Michael Kobseff, Supervisor
Solano County	X	X		X	X	X			X	Bonnie Kolesar, Risk Manager	Marc Fox, Director of Human Resources
Sonoma County	X			X	X	X				Marcia Chadbourne, Risk Manager	Wendy Macy, Director of Human Resources
Stanislaus County	X			X	X	X			X	Jody Hayes, Deputy Executive Officer	Peggy Huntsinger, Disability Manager
Sutter County	X			X	X	X	X		X	Marco Sandoval, Risk Manager	Karen Ropp, Human Resources Director
Tehama County	X			X	X	X	X	X	X	Julie Sisneros, Administrative Services Direct	Sally Hacko, Personnel Analyst
Trinity County	X			X	X	X			X	Wendy Tyler, Deputy CAO	Shelly Pourian, Risk & Loss Prevention Manager
Tulare County	X		X	X	X	X				Robyn Henry, Risk Manager	Vacant
Tuolumne County	X	X		X	X	X			X	Ann Fremd, Senior Administrative Analyst	Vacant

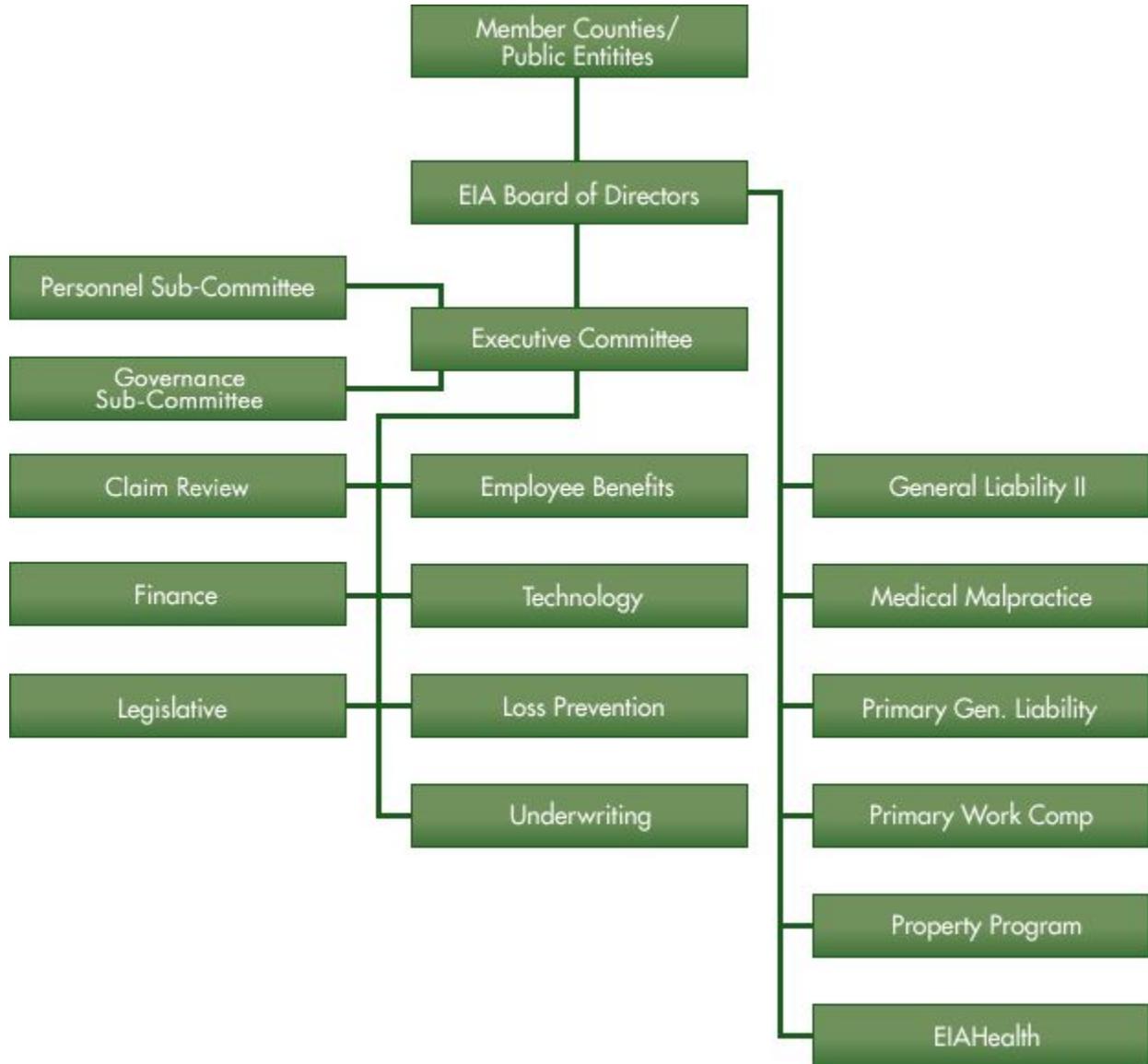
Member County	Programs									Board Member	Alternate Board Member
	GLI	PGL	GLII	MM	Prop	EWC	PWC	Health	Dental		
Ventura County					X					Chuck Pode, Risk Manager	Theresa Bucci, Risk Analyst
Yolo County				X	X				X	Jeff Tonks, Risk Manager	Dirk Brazil, Deputy County Administrator
Yuba County	X			X	X	X	X		X	Martha Wilson, Director, Human Resources	Jill Abel, Deputy Human Resources Director

## Board of Directors and Alternates Public Entity Participation

<b>Board Member</b>	<b>Designated Board Position / Representative</b>
Thomas Vance, Risk Manager, ACCEL	At-Large
Teri Enos-Guerrero, Risk Manager, City of Chula Vista	At-Large
Kim Greer, Risk Manager, City of Richmond	City
Lynne Margolies, Risk Manager, City of Santa Rosa	At-Large
Larry Moss, Risk Manager, East Bay Regional Park District	Special District
Marlon Robbins, Risk Manager, Elk Grove Unified School District	School
Scott Schimke, Risk Manager, GSRMA	At-Large
Deborah Grant, Claims and Risk Manager, City of Oakland	Alternate
Ashley Fenton, Manager, Insurance and Risk Services, San Diego Unified School District	Alternate
Brenda Lussier, Executive Director of Human Resources, Superior Court of California, County of Riverside	Alternate



## CSAC Excess Insurance Authority Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**CSAC Excess Insurance  
Authority, California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO



*It is the purpose of this organization to give professional recognition  
to properly qualified self-insurance pools.*

*THEREFORE, the Board of Directors of the  
California Association of Joint Powers Authorities,  
has conferred upon*

## **CSAC Excess Insurance Authority**

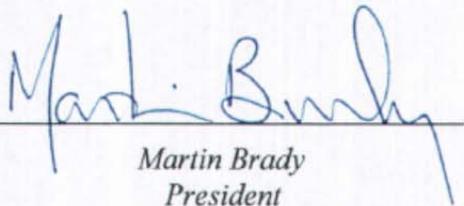
*this*

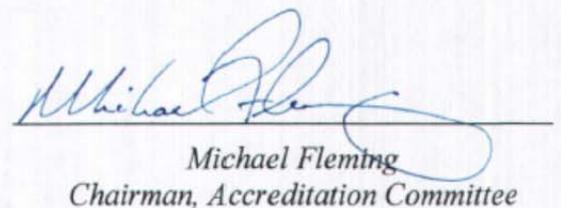
**CERTIFICATE OF ACCREDITATION WITH EXCELLENCE**

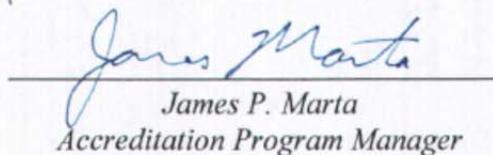
*having fulfilled the conditions of eligibility as prescribed by the Association for Accreditation.*



*Accreditation Period: March 28, 2013- March 28, 2016*

  
Martin Brady  
President

  
Michael Fleming  
Chairman, Accreditation Committee

  
James P. Marta  
Accreditation Program Manager

## **FINANCIAL SECTION**



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
CSAC Excess Insurance Authority  
Folsom, California

**Report on the Financial Statements**

We have audited the accompanying Statements of Net Position CSAC Excess Insurance Authority as of June 30, 2013 and June 30, 2012, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSAC Excess Insurance Authority as of June 30, 2013 and 2012 and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Reconciliation of Unpaid Claims Liabilities, the Schedule of Funding Progress of Other Postemployment Benefits (OPEB), The Notes to Earned Premiums and Claims Development Information, and the Schedule of Ten Year Claims Development Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

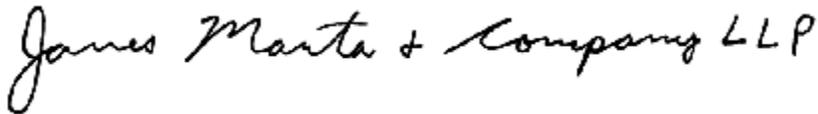
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Group. The Supplementary Information, as shown on the table of contents, is presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory Section and the Statistical Section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013 on our consideration of CSAC Excess Insurance Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
November 22, 2013

## Management's Discussion & Analysis

As management of the CSAC Excess Insurance Authority (EIA), we offer readers of the EIA's financial statements this narrative overview and analysis of the financial activities of the EIA for the fiscal year ended June 30, 2013. All references to years are to the fiscal year ending at June 30.

### **Overview of the Financial Statements**

The EIA reports as a government enterprise fund because its activities, the development and operation of public entity risk pools (Retained Risk), and group purchase of insurance (Transferred Risk), are paid for by its member users.

The EIA's basic financial statements are comprised of three components: 1) Authority-wide financial statements; 2) notes to the financial statements; and 3) fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *Authority-wide financial statements* are designed to provide readers with a broad overview of the EIA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the EIA's assets and liabilities, with the difference between the two reported as net position. Net position includes the amount invested in capital assets, net of related debt.

The *Statement of Revenues, Expenses and Changes in Net Position* present information showing total revenues and total expenses and how the EIA's net position changed during the most recent fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., claims incurred but not paid, unrealized market gains on investments, and earned but unused vacation leave).

The Authority-wide financial statements can be found on pages 44 through 48 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, and can be found beginning on page 49 of this report.

**Fund financial statements.** The EIA operates one enterprise, proprietary fund to account for its eleven risk management programs, general administration, and operation of the EIA's building. Each program has established its own set of accounts so that each program can be independently evaluated.

## Management's Discussion & Analysis

The following table shows the net position in each fund:

Primary Workers' Compensation	\$ 35,930,095
Excess Workers' Compensation	12,855,925
Primary General Liability	2,785,343
General Liability I	37,525,347
General Liability II	(304,973)
Property	2,866,090
Medical Malpractice	4,359,795
Master Rolling Owner Controlled Ins. Program	(882)
EIAHealth	1,384,496
Dental Program	10,820,330
Miscellaneous Programs	2,202,249
Administration and Building	8,191,581
<hr/>	
<b>Total Net Position</b>	<b>\$ 118,615,396</b>

### **Financial Highlights**

#### **Authority-Wide Financial Analysis**

The EIA's assets exceeded liabilities by \$118.6 million as of June 30, 2013 and by \$105.6 million at June 30, 2012. Below is a condensed Statement of Net Position:

#### **CSAC Excess Insurance Authority's Combined Statement of Net Position**

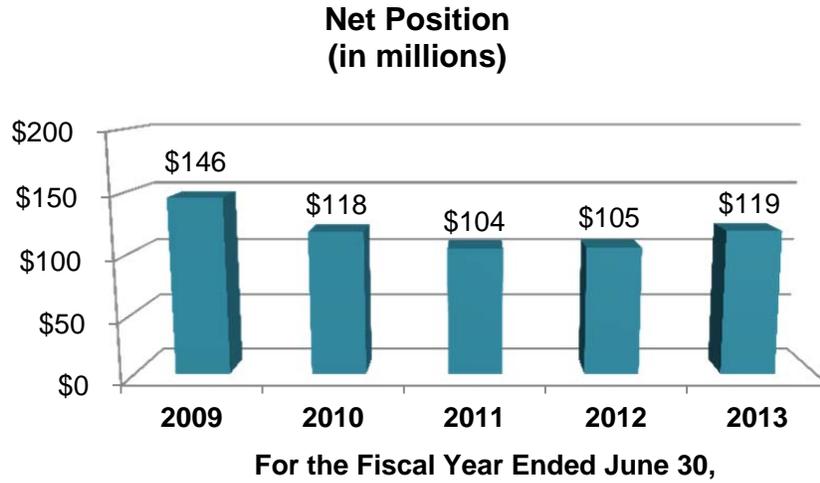
	June 30, 2013	%	June 30, 2012	%	June 30, 2011	%
Current Assets	\$ 326,533,622	56%	\$ 343,635,991	60%	\$ 312,576,086	55%
Noncurrent Assets	252,941,395	43%	221,379,126	39%	242,081,530	43%
Capital Assets	8,677,508	1%	8,848,705	2%	9,181,260	2%
Total Assets	588,152,525	100%	573,863,822	100%	563,838,876	100%
Current Liabilities	117,831,208	25%	108,329,137	23%	97,435,058	21%
Noncurrent Liabilities	351,705,921	75%	359,982,865	77%	362,089,179	79%
Total Liabilities	469,537,129	100%	468,312,002	100%	459,524,237	100%
Invested in Capital Assets	8,677,508	7%	8,848,705	8%	9,181,260	9%
Unrestricted Net Position	109,937,888	93%	96,703,115	92%	95,133,379	91%
Total Net Position	\$ 118,615,396	100%	\$ 105,551,820	100%	\$ 104,314,639	100%

### **Net Position**

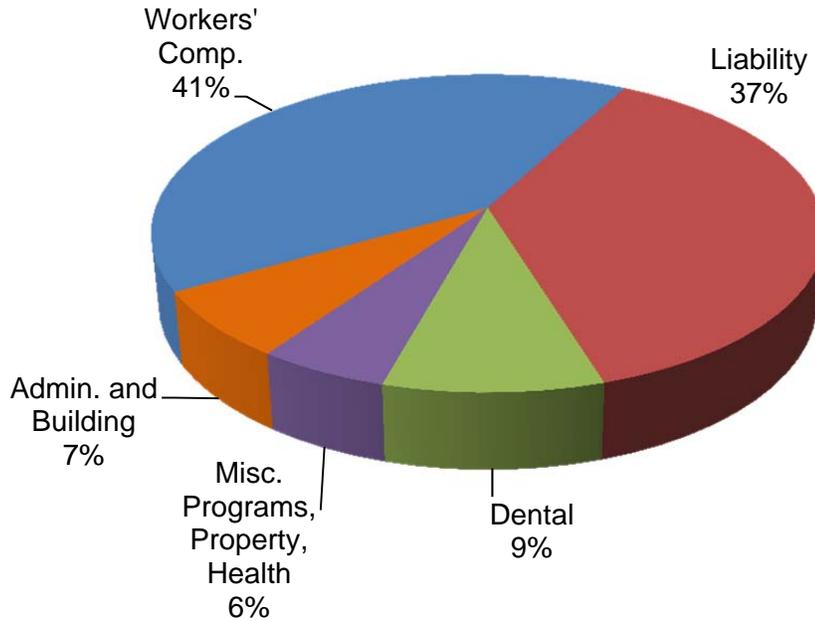
Net Position increased \$13 million in 2013 compared to an increase of \$1.2 million in 2012. We started the year with net position of \$105.6 million. Our strong position in some programs allowed us to return dividends to our members of \$10.3 million, decreasing net position by that amount. We also returned \$10.3 million in dividends to our members in fiscal year 2012. We had an overall increase in net position, exclusive of the dividend payout of \$23.3 million. Our ending balance in net position is \$118.6 million.

## Management's Discussion & Analysis

Our net position balances over the past five years is illustrated as follows:



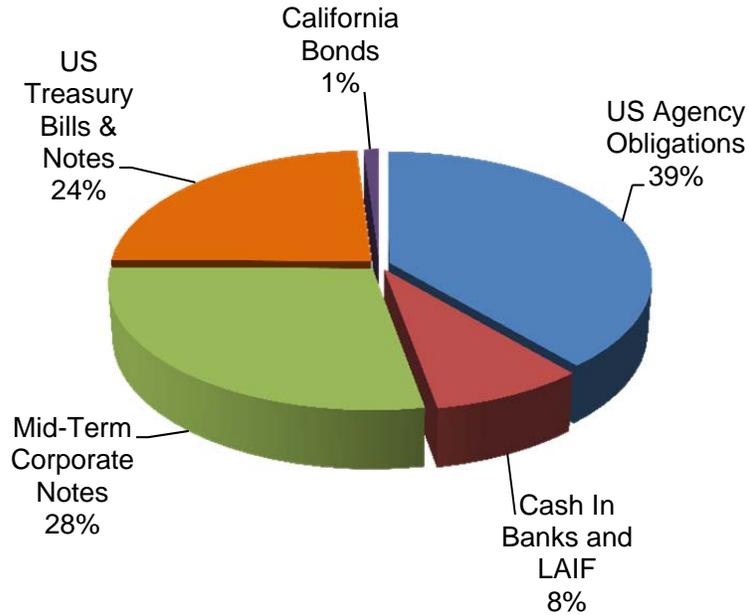
Our large, pooled risk programs account for 86% of net position as show below:



## Management's Discussion & Analysis

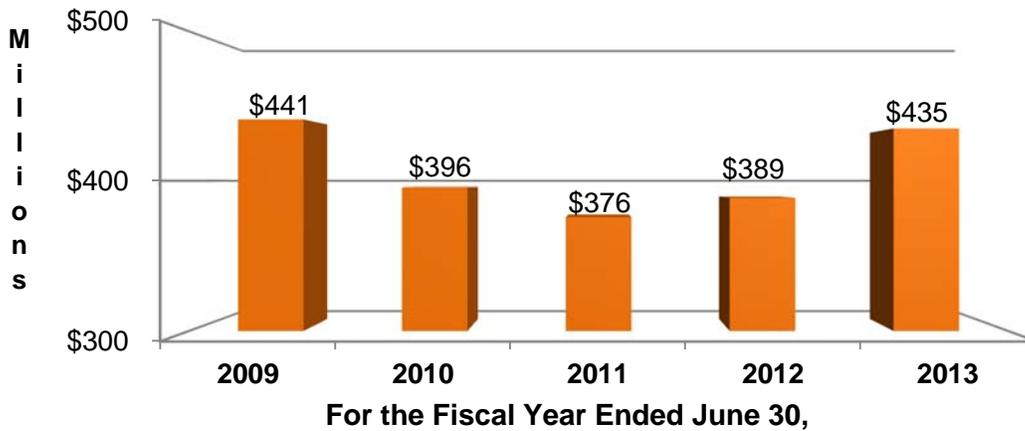
Approximately 82% of our assets consist of funds held for the payment of claims and are invested. The following chart shows the EIA's Treasury asset allocations for the year ended June 30, 2013:

### EIA Treasury at June 30, 2013



At June 30, 2013, the fair value of our fixed income investments was \$435 million, compared to \$389 million a year ago and \$376 million two years ago.

### EIA Dollars Invested



## Management's Discussion & Analysis

Market interest rates continued at historically low levels during fiscal year 2013. During fiscal year 2013, there was a net decline in fair value recognized of \$9.3 million, compared to a net decline in fair value in fiscal year 2012 of \$8.9 million. A \$1 million decline in fair value was recognized in fiscal year 2011. The declines in fair market value are primarily being driven by the purchase of bonds at greater than stated value, which have a higher coupon rate. As the bond reaches the maturity or call date, market value declines to the face value of the bond at maturity, resulting in a market loss. The decline in market value and the interest earned are both considered at the time the investment is made.

### Liabilities

Claim liabilities decreased \$5.6 million in fiscal year 2013, compared to an increase of \$11 million in 2012 and an increase of \$38 million in 2011. The EIA began the year with claim liabilities of \$433.5 million. During the year ended June 30, 2013, the EIA recognized a Provision for Claims of \$99.8 million and made payments on these claims in the amount of \$105.5 million. This left a claim liabilities balance of \$427.8 million. Our claim liabilities are discounted, meaning they are stated at the present value of the future stream of claim payments. The discount rate is based on what the EIA expects to earn on the funds set aside to pay claims. The rate of return on invested funds has been less than anticipated since the recent recession started in 2008. In fiscal year 2011, the EIA made significant adjustments to the discount rates. As a result, there was an addition of \$13.5 million to the claim liabilities in the EIA's major pooled programs: the Excess Workers' Compensation Program, General Liability I Program and the Medical Malpractice Program. In 2012, and again in 2013, the EIA adjusted our discount rates lower to reflect the continued low interest rate environment.

Claim liability trends for the past five years were as follows:



## Management's Discussion & Analysis

### Target Equity

Each of the pooled programs establish Target Funding Guidelines, which determine the range of net assets to retain in the program in order to provide for the uncertainty of actuarial estimates, inconsistent or inaccurate reserving, and the possibility of catastrophic claims. The purpose of the guidelines is to assist members in making funding decisions. A range is determined by looking at various ratios; for instance Gross Premium to Equity, Equity to Pool retention, Outstanding Case Reserves to Equity, and Outstanding Ultimate Reserves to Equity. The table below shows the Target Equity Range for the pooled programs and program net position (in millions):

Program	Target Equity Range		Program Equity at June 30, 2013
	Low	High	
Primary Workers' Compensation	\$ 13	\$ 34	\$ 36
Excess Workers' Compensation	\$ 29	\$ 58	\$ 13
Primary General Liability	\$ 0.4	\$ 2	\$ 3
General Liability I	\$ 14	\$ 33	\$ 38
Medical Malpractice	\$ 3	\$ 10	\$ 4

As the above chart shows, all programs, with the exception of Excess Workers' Compensation, are in, or close to their Target Equity Range. The Excess Workers' Compensation Program net equity is well below their Target Equity Range. First, there has been adverse loss development in the older years. Another factor driving the equity down has been the extremely low returns on invested assets, creating an investment gap between what we expected to earn on funds invested, and what we did earn. As a result, the EIA has lowered the discount rate on claim liabilities from 5% in 2008, to 4% in 2012, and 3.75% in 2013, which increased liabilities and decreased equity. See footnote 4, pages 61 and 62, for additional information on the discount rate. The Board has taken steps to increase the program's equity including, raising the confidence level used to calculate pool premium, and transferring risk in the layer between the member's self-insured retention up to \$1 million from the 2008/09 fiscal year forward. In the 2011/12 policy year, we reinsured the \$1 million to \$5 million layer, subject to \$3.5 million corridor retention. The 2012/13 EWC program renewal capped the program's liability in the pooled excess of SIR up to \$5 million layer at \$28 million, while funding the pool layer at \$36.7 million, potentially adding \$8.7 million to equity, but subject to loss development and interest earnings. The Board will continue to address the program's Target Equity.

## Management's Discussion & Analysis

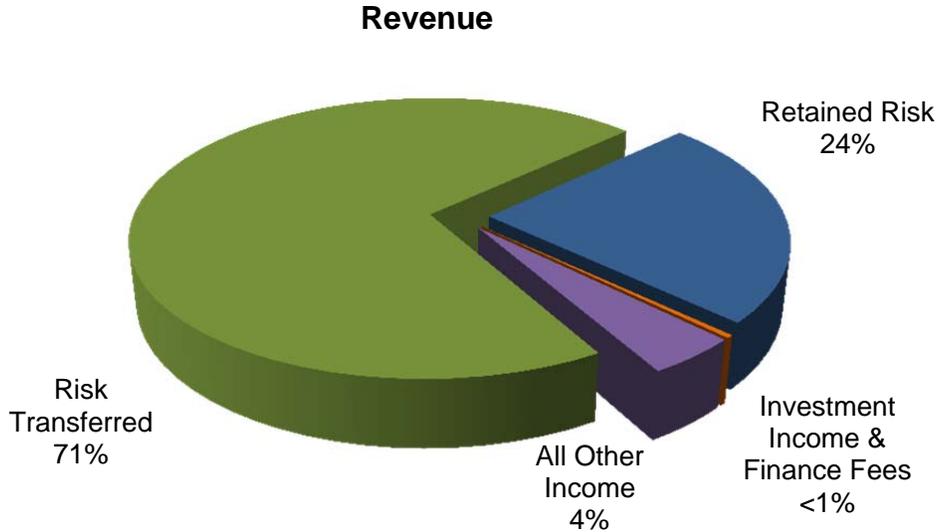
The following is a condensed Statement of Revenues, Expenses and Changes in Net Position.

### CSAC Excess Insurance Authority's Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2013	June 30, 2012	June 30, 2011
Operating Revenues:			
Premiums for Transferred Risk	\$ 384,507,793	\$374,220,717	\$316,271,011
Broker Fees	7,382,605	7,085,654	6,459,876
Contributions for Retained Risk	129,253,959	108,763,785	119,707,240
All Other Sources	15,455,417	19,803,632	12,472,639
Total Operating Revenues	<u>536,599,774</u>	<u>509,873,788</u>	<u>454,910,766</u>
Operating Expenses:			
Member Dividends	10,281,301	10,291,841	8,744,665
Insurance Expense	383,759,144	372,467,736	314,135,445
Broker Fees	7,384,093	7,053,183	6,459,283
Provisions for Claims	99,860,765	101,501,141	124,443,282
Unallocated Loss Adjustment Expense	18,714	(424,706)	1,127,804
Program Services	13,831,864	13,426,729	12,495,396
Member Services and Subsidies	2,192,839	2,056,405	2,027,109
General Administrative Services	7,854,569	7,266,482	7,300,103
Depreciation	277,423	256,810	263,991
Total Operating Expenses	<u>525,460,712</u>	<u>513,895,621</u>	<u>476,997,078</u>
Operating Income (Loss)	<u>11,139,062</u>	<u>(4,021,833)</u>	<u>(22,086,312)</u>
NonOperating Revenues (Expenses):			
Investment Income	1,807,548	5,134,621	10,276,004
Lease Income	487,378	506,259	474,620
Financing & Investment Expenses	(24,550)	(31,067)	(39,222)
Building Operations and Depreciation	(345,862)	(350,799)	(349,985)
Building Dividend	0	0	(2,318,071)
Total NonOperating Revenues (Expenses)	<u>1,924,514</u>	<u>5,259,014</u>	<u>8,043,346</u>
Changes in Net Position	<u>13,063,576</u>	<u>1,237,181</u>	<u>(14,042,966)</u>
Net Position			
Beginning Balance, July 1	105,551,820	104,314,639	118,357,605
Ending Balance, June 30	<u>\$118,615,396</u>	<u>\$105,551,820</u>	<u>\$104,314,639</u>

**Revenues**

Total operating revenues were \$536.6 million during the fiscal year ending June 30, 2013, a 5% increase from the \$510 million recognized at June 30, 2012. The EIAHealth and Dental Programs added new members but at a slower pace than in past years, increasing revenues by \$14.5 million and \$2.8 million, respectively. Investment income decreased \$3.5 million, or 69%, due to decreasing yield rates. The total revenue allocation is shown in the following chart:



Membership. There was some consolidation of membership in our workers' compensation and liability programs. Some very small members that had participated individually became members of participating joint powers authorities (JPA's), decreasing the membership count in those programs; however their coverage continues under the JPA membership. The Dental Program added four new entities, and the EIAHealth Program continued to add new members to their small group program and one member to their regular program.

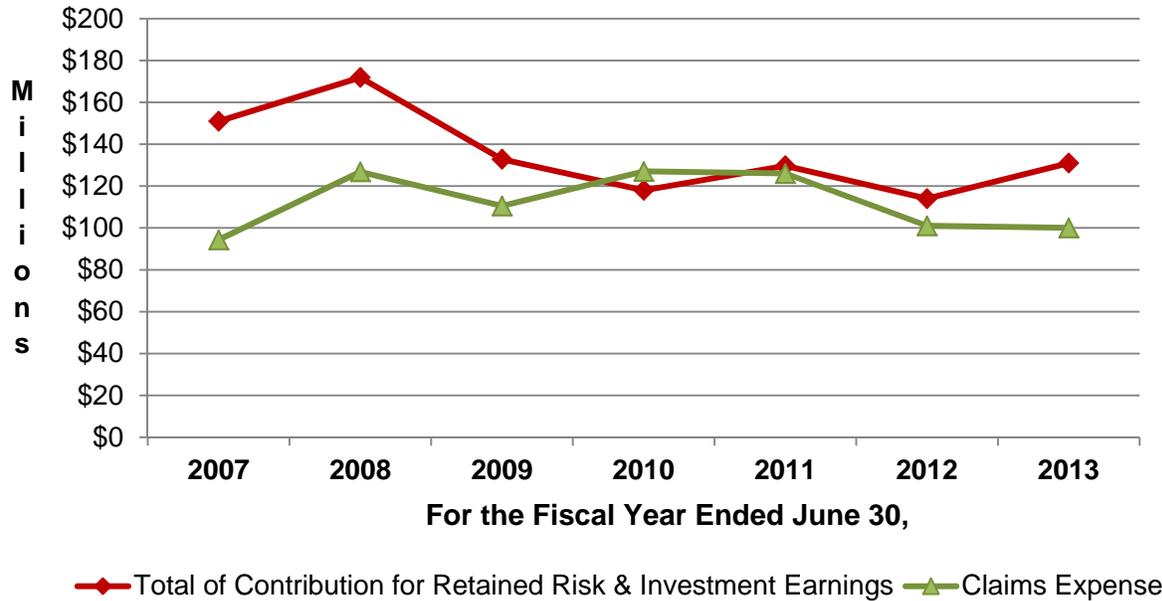
Premiums for Transferred Risk. Premiums for transferred risk increased 3% from \$374 million in 2012 to \$385 million in 2013. The insurance premium revenues and expenses are dependent on the cyclical insurance market. The last two years have been challenging due to unfavorable loss development in our Excess Workers' Compensation and large entity Liability Program. We had to replace the carrier on the workers' Compensation programs, but ended up with a more favorable structure in fiscal year 2012/13. In fiscal year 2011/12, the General Liability II (GLII) Program became fully insured, eliminating the corridor deductible layer structure of the previous four years. This program had a premium increase of 8% in 2013.

Contributions for Retained Risk. The EIA's contributions for retained risk revenues were \$129.3 million, compared to \$108.8 million last year, an increase of 19%. Some of this, (\$8.7 million) was deliberate additional funding to build equity in the EWC Program. The contributions for retained risk, together with investment earnings, are used to

## Management's Discussion & Analysis

finance the provision for claims. Retained risk revenue increased \$2.6 million in the Dental Program as a result of member growth.

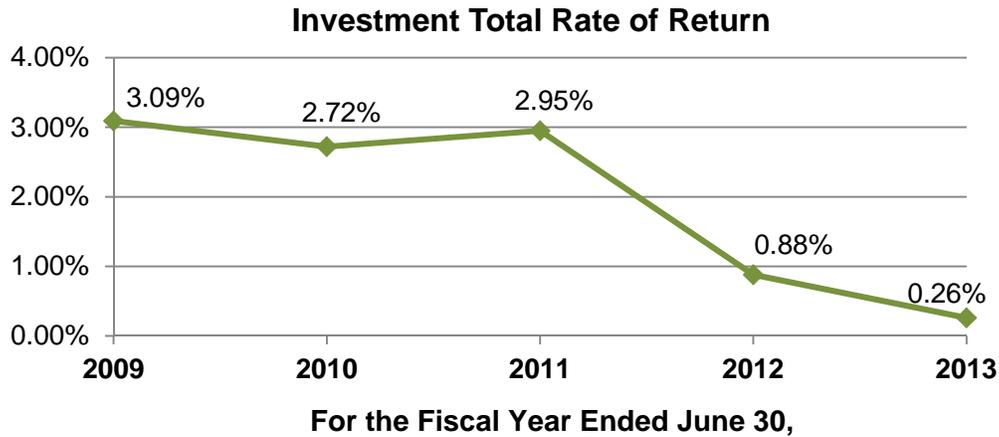
The following chart compares the revenues for retained risk and investment earnings (the red line) with the expense for the provision for claims (the green line) for the past seven years. The areas between the lines and bars represent the net increase, or decrease, from claim revenues and expenses. As the chart shows, despite declining interest rates, our funding is starting to exceed claims expense and build equity.



Investment Income. Investment income decreased from \$9.7 million in fiscal year 2011 to \$5.1 million in 2012 and \$1.6 in 2013. This decrease was due to the continued drop in interest rates from the global recession and the Federal Reserve Bank's continuation of their "Quantitative Easing" policy. The total rate of return on invested funds decreased from 0.88% last year to 0.26% this year. The amount of funds invested increased to \$435 million from \$389 million in 2012 and \$376 million in 2011. Although investment income is considered non-operating, it is a source of funding for claims and used in the calculation of premium needed to pay claims.

## Management's Discussion & Analysis

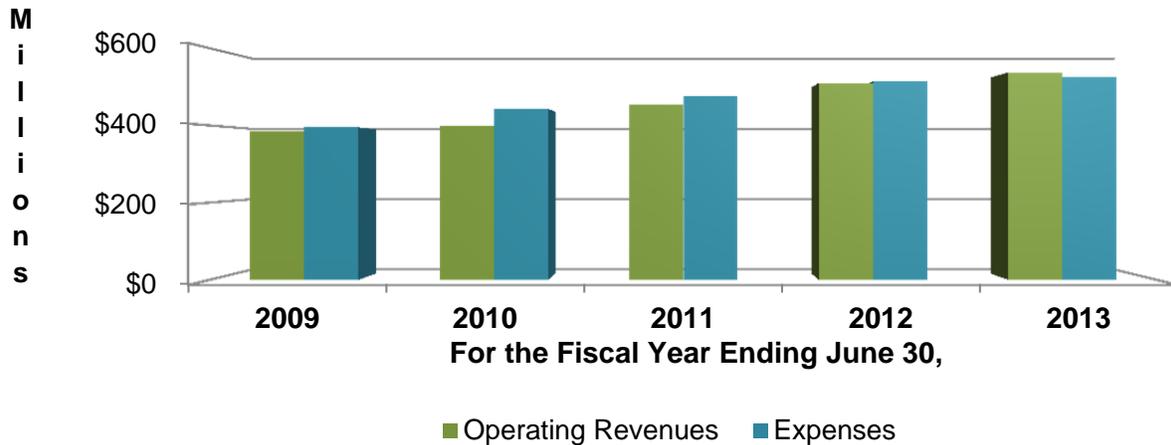
The investment total rate of return for the previous five years is shown in the following chart:



### Expenses

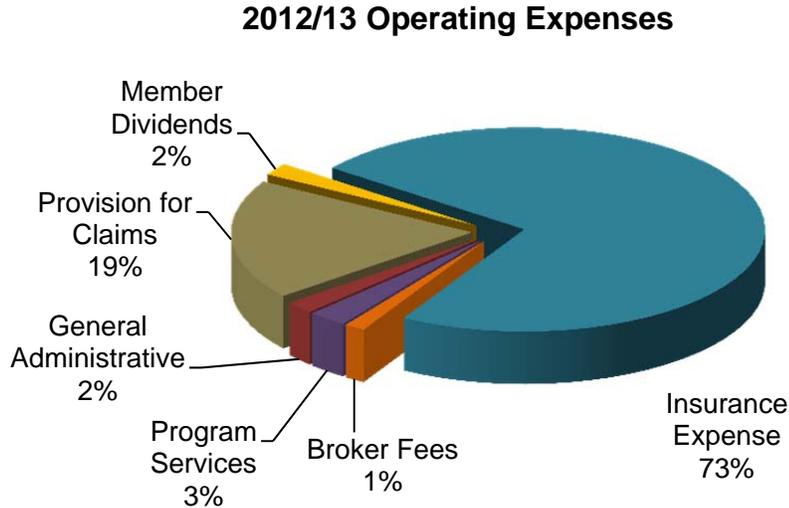
Total operating expenses increased \$11.6 million, or 2%, to \$525.5 million from fiscal year 2012 to fiscal year 2013, largely driven by insurance expense, which was up the same 3% as premiums for transferred risk or revenue to pay for insurance. Claims expense was down a slight 2% from last year.

Operating expense compared to revenue is shown in the following chart:



## Management's Discussion & Analysis

The total operating expense allocations are shown in the following chart:



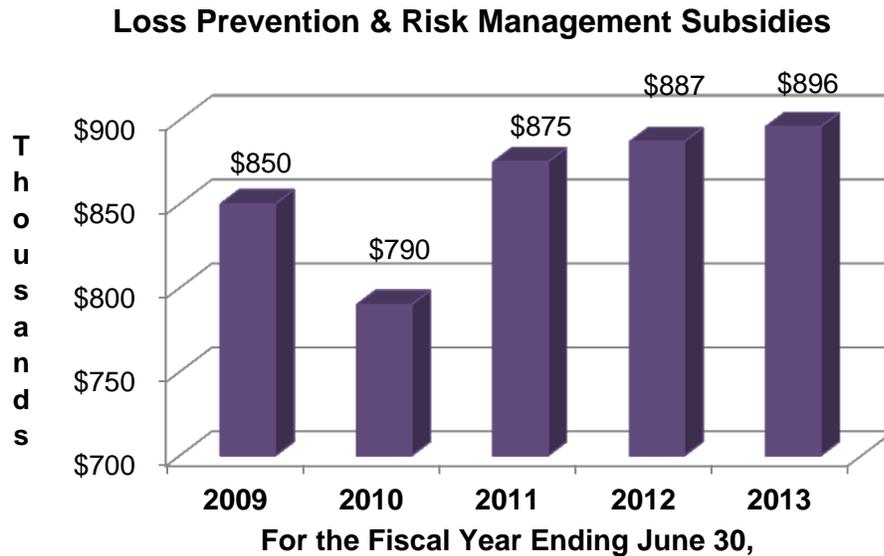
Significant expense items included:

- Member dividends included a \$6.5 million dividend to members of the Primary Workers' Compensation (PWC) Program, \$550 thousand to Primary General Liability (PGL) Program members, and a \$3 million dividend to members of the General Liability I (GLI) Program. This compares to fiscal year 2012 dividend payments of \$7 million to PWC Program members, \$2 million to members in the Medical Malpractice Program and \$1.2 million to members in the PGL Program.
- Transferred risk, or insurance expense, increased by \$ 11.3 million, mirroring the revenue increase in premium for transferred risk.
- The Provision for claims is a management estimate of the cost of pooled, or shared, claims. This estimate is based on a variety of actuarial and statistical techniques considering claims history, claim payment history and frequency, changes in the law, inflation, and other socio-economic factors. Because our claims are discounted to the present value, the effect of changes in the discount rate is included in the provision for claims. The overall provision for pooled, or shared claims cost, both prior and current, decreased by \$1.6 million to \$99.9 million from \$101 million in 2012 and \$125.5 million in 2011.

## Management's Discussion & Analysis

Program service expenses were \$13.8 in 2013 up from \$13.4 million in 2012 and \$12.5 in 2011. Program services include claims and eligibility administration, claims audits, actuarial services, legal services, and other expenses necessary for the operation of each program. Membership in many EIA programs includes subsidies to enhance members risk management programs. The actuarial subsidy is \$2,000 available in many programs and all members of the property and casualty programs are eligible for a loss prevention subsidy of \$1,000 per program. A total of \$5.7 million of net position is available to members to use for risk management purposes.

The following chart shows the total dollars (in thousands) that were added to member subsidies for the last five years:



The EIA offers a variety of loss prevention services for our members. The services offered include:

- On-site and telephonic consultation
- Video and printed resource material acquisition and distribution
- Regional, on-site and web based training programs
- Facility inspections
- Hazard and exposure assessments with realistic solutions
- Drug and Alcohol Monitoring Consortium
- Policy/program evaluation and development
- Credential & events management
- Risk analysis
- Resource center
- Electronic Pull Notice program (EPN)

These services are offered to members at no, or nominal cost.

## Management's Discussion & Analysis

In the past fiscal year, 3,300 employees from member agencies completed at least one of our instructor led training/education courses. Some of the topics covered included Office Ergonomics, DOT Reasonable Suspicion for Supervisors, Harassment Prevention for Supervisors, Heat Illness Prevention, Aerosol Transmissible Disease Standards, Basic Certificate in Safety Management, Supervisor University, Excavations for Public Entities, Insurance Requirements in Contracts, Revised Contract Wording, EPLI Series, Defensive Driving, Home Visitation Safety and Tools for Tense Situations.

Additionally, our members continued their use of our internet training platform, Prevention Link, completing over 186,000 courses during the fiscal year.

There are currently 66 entities represented by approximately 3,100 employees in our Drug & Alcohol Monitoring Consortium. There are 160 member/member affiliates enrolled in the EPN service, representing over 59,700 drivers.

### **Capital Assets**

In January 2010, the new office facility at 75 Iron Point Circle, Folsom, California was purchased at a cost of \$9.2 million. We also made investments in office furniture and equipment and leasehold improvements in that year. Other investments include scheduled replacements and investments in new technology. Our most recent significant investment is in a combination website platform, agency, and policy database system, called CHSI, which will be developed in phases. We have currently invested \$150 thousand and expect to invest another \$300 thousand. We are also in the preliminary stages of implementing a new claims system. We have capital costs of \$109 thousand in 2013. The system is not complete and is expected to cost about \$1.5 million when fully phased in. This claims system not only replaces our current legacy system, but adds capability to bring in-house our five outsourced TPA systems for the PWC Program. Please refer to footnote 5 (Capital Assets) for more detailed information.

### **Economic Factors**

The most significant economic factors that will affect the future of the EIA include the insurance market and the investment market. California entities are beginning to see increases in sales tax and property tax revenues that declined during the great recession. However our members are still operating under budget constraints with shifting state funding, particularly for inmate populations, with transfers of inmates from the state to the counties and cities. The EIA has been able to respond with viable risk coverage options, affordable employee benefit programs, and expanding loss prevention services.

We continue to operate in a period of historically low interest rates. We are investing in short term instruments, with the intention to invest for longer terms when rates return to more attractive levels.

## Management's Discussion & Analysis

The insurance market for property, after Super Storm Sandy is re-evaluating flood risk, and is susceptible to hardening as events unfold. The market for workers' compensation and liability programs remains soft, allowing the EIA to insure risks at a cost below the actuarial estimate to pool the risk. However, underwriters are scrutinizing current and prior loss history more carefully, as investment returns on premium decline. This is both a challenge and opportunity for the EIA.

Each EIA program committee is carefully monitoring changes to the insurance market, investment market, and their target equity as they make funding decisions at renewal.

### **Other Information**

In addition to the basic financial statements and accompanying notes to the financial statements, this report also presents certain *Required Supplementary Information* reconciling EIA claim liabilities and claim development schedules.

Required supplementary information can be found beginning on page 80 of this report.

The combining and individual program statements for all EIA programs are presented immediately following the required supplementary information beginning on page 82 of this report.

### **Conclusion**

This financial report is designed to provide a general overview of The EIA's finances for all those with an interest in the EIA's finances. Questions concerning any of the information should be addressed to the Chief Financial Officer, 75 Iron Point Circle, Suite 200, Folsom, California 95630.

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash	\$ 300	\$ 300
Cash in Banks	4,609,696	9,870,421
Cash in the EIA Treasury	40,143,936	70,823,337
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>44,753,932</b>	<b>80,694,058</b>
Investments	218,751,780	203,387,818
Accounts Receivable:		
Due from Members	15,222,192	14,819,415
Investment Income Receivable	2,060,758	2,858,667
Reinsurance Claims	4,108,236	5,762,632
Other Receivables	-	1,070
Prepaid Insurance and Expenses	41,636,724	36,112,331
<b>TOTAL CURRENT ASSETS</b>	<b>326,533,622</b>	<b>343,635,991</b>
Noncurrent Assets:		
Investments	216,341,973	185,779,126
Prepaid Insurance	36,599,422	35,600,000
Land and Buildings, Net	7,929,968	8,258,935
Furniture and Equipment, Net	682,815	506,703
Lease Acquisition Costs, Net	64,725	83,067
<b>TOTAL NONCURRENT ASSETS</b>	<b>261,618,903</b>	<b>230,227,831</b>
<b>TOTAL ASSETS</b>	<b>\$ 588,152,525</b>	<b>\$ 573,863,822</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	\$ 3,397,612	\$ 3,630,609
Deposits from Insurance Companies	7,515,311	5,468,231
Due to Members	20,931,727	19,449,370
Unearned Income	9,139,804	5,666,189
Claim Liabilities	76,787,992	74,062,363
Compensated Absences	58,762	52,375
<b>TOTAL CURRENT LIABILITIES</b>	<b>117,831,208</b>	<b>108,329,137</b>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Reported	241,807,686	202,622,446
Claims Incurred But Not Reported	71,215,926	118,784,475
Unallocated Loss Adjustment		
Expense Payable	38,034,618	38,018,578
Compensated Absences	235,050	209,489
Other Post Employment Benefits	412,641	347,877
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>351,705,921</b>	<b>359,982,865</b>
<b>TOTAL LIABILITIES</b>	<b>469,537,129</b>	<b>468,312,002</b>
<b>NET POSITION:</b>		
Invested in Capital Assets	8,677,508	8,848,705
Unrestricted	109,937,888	96,703,115
<b>TOTAL NET POSITION</b>	<b>\$ 118,615,396</b>	<b>\$ 105,551,820</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 384,507,793	\$ 374,220,717
Broker Fees	7,382,605	7,085,654
Contributions for Retained Risk	129,253,959	108,763,785
Dividend Income	213,606	75,314
Member Services	640,078	613,490
Administration Fees	12,617,685	11,487,622
Public Entity Fees	480,351	456,577
Program Development Fees	-	3,550
Other Income	<u>1,503,697</u>	<u>7,167,079</u>
<b>TOTAL OPERATING REVENUES</b>	<u>536,599,774</u>	<u>509,873,788</u>
<b>OPERATING EXPENSES:</b>		
Member Dividends	10,281,301	10,291,841
Insurance and Provision for Losses		
Transferred Risk and Insurance Expense	383,759,144	372,467,736
Broker Fees	7,384,093	7,053,183
Provision for Claims		
Current Year Claims	91,283,352	82,715,480
Prior Year Claims	8,577,413	18,785,661
Unallocated Loss Adjustment Expenses	18,714	(424,706)
Program Services	13,831,864	13,426,729
Member Services and Subsidies	2,192,839	2,056,405
General Administrative Services	7,702,622	7,118,673
Depreciation	277,423	256,810
Building Maintenance	<u>151,947</u>	<u>147,809</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>525,460,712</u>	<u>513,895,621</u>
<b>OPERATING (LOSS)</b>	<u>11,139,062</u>	<u>(4,021,833)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	1,574,668	5,076,981
Financing Fees	232,880	57,640
Lease Income	487,378	506,259
Building Maintenance	(129,437)	(125,912)
Building Depreciation	(216,425)	(224,887)
Investment Expense	<u>(24,550)</u>	<u>(31,067)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>1,924,514</u>	<u>5,259,014</u>
<b>CHANGES IN NET POSITION</b>	13,063,576	1,237,181
<b>NET POSITION:</b>		
Net Position, Beginning of Year	<u>105,551,820</u>	<u>104,314,639</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 118,615,396</u></u>	<u><u>\$ 105,551,820</u></u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 537,470,666	\$ 507,877,480
Receipts from Others	2,567,518	4,064,104
Dividends Paid	(7,781,301)	(10,932,950)
Claims Paid	(105,521,119)	(90,126,094)
Insurance Purchased	(390,069,734)	(363,980,853)
Payments to Suppliers	(23,295,737)	(33,898,363)
Payments to Employees	<u>(5,990,456)</u>	<u>(5,606,622)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>7,379,837</u>	<u>7,396,702</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	<u>(322,651)</u>	<u>(149,142)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(322,651)</u>	<u>(149,142)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Lease Receipts	478,027	506,259
Operating Lease Disbursements	(129,438)	(125,912)
Purchase of Securities	(329,392,011)	(305,721,238)
Sales of Securities	274,135,411	283,981,520
Cash from Investment Earnings	11,703,231	13,854,007
Cash from Finance Fees	232,018	57,640
Investment Expenses	<u>(24,550)</u>	<u>(31,067)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(42,997,312)</u>	<u>(7,478,791)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(35,940,126)	(231,231)
<b>CASH &amp; EQUIVALENTS: BEGINNING OF YEAR</b>	<u>80,694,058</u>	<u>80,925,289</u>
<b>END OF YEAR</b>	<u>\$ 44,753,932</u>	<u>\$ 80,694,058</u>

The notes to the financial statements are an integral part of this statement.



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies

The accounting policies of the CSAC Excess Insurance Authority (the EIA or the Authority) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. Organization and Reporting Entity

The CSAC Excess Insurance Authority is a Joint Powers Authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund insurance programs for member counties and other public entities. The Authority operates public entity risk pools for workers' compensation, employee benefits, comprehensive liability, property, medical malpractice, and pool purchases of excess insurance and services for members.

The Authority is under the control and direction of the Board of Directors, consisting of representatives of the member counties and other public entities. For purposes of control and daily management, the Authority annually elects an Executive Committee consisting of a President, Vice President, and nine Directors. The immediate Past President and legal advisor are non-voting (advisory) members of the Executive Committee. The Executive Committee has appointed a Chief Executive Officer.

B. Membership

There are two classes of membership, county members and public entity members. Each member has adopted the Joint Powers Agreement and has been approved by the Board of Directors.

County membership is available to California counties whose supervisors are members of the California State Association of Counties (CSAC). Currently, there are 54 member counties. Each county member is entitled to appoint one representative to the Board of Directors. County members have nine positions on the Executive Committee.

Public entity membership is open to any other California public entity. Public entity members have seven voting seats (and three alternates) on the Board of Directors. Two seats on the Executive Committee are designated for public entity members.

The following number of members participated in Authority programs, as of June 30, 2013 and 2012:

	2013	2012
Primary Workers' Compensation	38	41
Excess Workers' Compensation	161	166
Primary General Liability	23	29
General Liability I	100	103
General Liability II	11	11
Property	82	82
Medical Malpractice	50	50
EIAHealth	25	24
Dental	126	122

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies (continued)

B. Membership (continued)

Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments, if it is determined that contributions are insufficient. The pool considers anticipated investment income in determining if a premium deficiency exists.

If a program has sufficient net position available, a dividend may be declared. Each member shall be eligible for a portion of the dividend, as determined by the Board of Directors or governing committee.

Members may withdraw from the Authority only at the end of a policy period and only if a 60 day written advance notice is given. The Authority may cancel a membership at any time, upon two-thirds vote of the Board of Directors and with 60 days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods in which they have participated. Withdrawn or canceled members are generally not eligible for future dividends, based on the conditions set forth in the Joint Powers Agreement.

C. Significant Accounting Policies

Basis of Presentation and Accounting

The accounts of the Authority are organized on the basis of governmental fund accounting. The Authority operates a single enterprise fund, which is considered a separate accounting entity. An enterprise fund is used to account for governmental activities where the intent is that the cost of providing goods or services is financed primarily through user charges. The Authority's operations consist of ten insurance programs, a general administration program and a building program for the office facility it owns. Each program has established separate program accounts to independently evaluate each program on its own. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, the Authority follows the accounting standard hierarchy established by the GASB. However, since the Authority operates proprietary activities, which are usually thought to be business-type activities (enterprise fund accounting), applicable statements and interpretations of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 may apply, unless they conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

The accounting records are maintained using the economic resources measurement focus and the accrual basis of accounting. Member premium revenues are recognized over the contract period, in proportion to the risk protection provided. All other revenue is recognized when earned. Major revenue accrual entries include member premium receivable and investment income receivable in the EIA Treasury. Expenses are recognized when goods or services are received, or in the case of claims, when the insured event occurs. Expense accrual entries include liabilities for reported claims and liabilities for claims incurred but not reported.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to classifications used in the current year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers cash in banks and deposits in the State of California Local Agency Investment Fund to be cash equivalents.

Investments

Investments are recorded in the EIA Treasury (Note 3) at fair value. Investment income is recorded as earned.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interest on investments is recorded in the year the interest is earned, and is considered 100% collectible. The June 30, 2013 and June 30, 2012 balances in the other receivable accounts are considered 100% collectible.

Prepaid Expenses

Expenditures for insurance and other services that extend to future accounting periods have been recorded as prepaid expenses.

Capital Assets

Capital assets include furniture, equipment, software, tenant improvements, building and amortizable lease acquisition costs with an individual cost of \$500 or more. Capital assets are recorded at cost. Expenditures for maintenance and repairs are reflected in current earnings as incurred. Upon sale or retirement of an asset, its cost and related accumulated depreciation are removed from the account balances and charged to current earnings.

Depreciation for office furniture, equipment and software is computed using the straight-line method and an estimated useful life of three to seven years. Depreciation for the office building and tenant improvements is computed using the straight-line method, either over the lease term or the useful life of the component units, as appropriate, with the period ranging from three to sixty years. Lease acquisition costs are amortized over the term of the lease.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Unearned Income

Unearned income includes payments from members for insurance premium or contributions for retained risk received, but not earned until a subsequent accounting period.

Unallocated Loss Adjustment Expenses Payable

Unallocated loss adjustment expenses include costs that cannot be specifically associated with particular claims, but are related to claims paid or the process of claims settlement.

A provision for unallocated loss adjustment expenses has been recognized based on an identification of future unallocated expenses, then determining the relationship between these costs and claim liabilities.

	June 30, 2013	June 30, 2012
Primary Workers' Compensation	\$ 23,072,254	\$ 23,487,517
Excess Workers' Compensation	10,785,386	10,336,064
Primary General Liability	158,041	157,840
General Liability I	2,014,986	2,086,998
General Liability II	430,002	409,397
Property	76,166	14,451
Medical Malpractice	1,497,783	1,526,311
Totals	<u>\$ 38,034,618</u>	<u>\$ 38,018,578</u>

Compensated Absences

The Authority's vacation policy provides for a limited accumulation of earned vacation leave, with such leave being fully vested when earned. A liability for \$293,812 for vacation pay has been computed and recorded, based on the unused days multiplied by the current daily rates of pay.

At June 30, 2013, the current portion of the liability is \$58,762 and the balance of \$235,050 is considered long term.

	Fiscal Year Ended	
	June 30, 2013	June 30, 2012
Beginning Balance	\$ 261,864	\$ 237,876
Increases	318,071	252,634
Decreases	(286,123)	(228,646)
Ending Balance	<u>\$ 293,812</u>	<u>\$ 261,864</u>
Current Portion	<u>\$ 58,762</u>	<u>\$ 52,375</u>
Long Term Portion	<u>\$ 235,050</u>	<u>\$ 209,489</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave, accumulated at the time of retirement, may be used in the determination of length of service for retirement benefit purposes. Since the Authority has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Pensions

The provision for pension cost is recorded on an accrual basis, and the Authority's policy is to fund pension costs as they accrue. Refer to Note 7 for pension details.

Classification of Revenues

The Authority has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34 including investment income. Revenues and expenses are classified according to the following criteria:

- Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events, administration fees and public entity fees.
- Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources described in GASB Statement 34, such as investment income and finance charges.

Premiums for Transferred Risk and Contributions for Retained Risk

EIA programs blend the purchase of insurance with risk sharing pools. Premiums for transferred risk are resources collected to purchase commercial insurance. Contributions for retained risk are collected to fund our risk sharing pools and share in the cost of claims. Both premiums for transferred risk and contributions for retained risk are collected in advance and recognized as revenues in the period for which insurance protection is provided. If the Authority's Board of Directors determines that the insurance funds for a program are insufficient to pay losses, fund known estimated losses and fund estimated losses, which have been incurred but not reported, the Authority may impose a supplemental assessment on all participating members. Supplemental assessments are recognized as income in the period assessed. Workers' compensation program contributions for retained risk are based on estimated payrolls and are adjusted in the subsequent fiscal year, based on actual payroll data.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

1. Organization and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Provision for Claims

The Authority's programs include both arrangements in which the members combine resources to purchase commercial insurance products and risk sharing pools, where members pool risks and funds and share in the cost of losses. Some programs include elements of both; losses up to a certain amount are pooled, and the Authority purchases excess or reinsurance for losses not covered in the pooled layer. The provision for claims expense represents the pools' expense for claim costs.

Excess Insurance and Reinsurance

The Authority uses excess insurance and reinsurance agreements to reduce its exposure to large losses on all types of insured events. Excess insurance covers claims in excess of each pool's retention layer. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Authority as direct insurer of the risk reinsured. The Authority does not report reinsured risk as a liability, unless it is probable that those risks will not be recovered from reinsurance. The amount of settlements did not exceed insurance coverage in each of the past three years.

Services

Services donated by many officers and directors are important to the activities of the Authority. The financial statements do not recognize the value of these donated services, since there is no basis for measuring and valuing these services.

Income Taxes

The Authority is a government entity exempt under Internal Revenue Code Section 115, and is not liable for federal or state income taxes. The Authority is liable for certain payroll taxes.

Management Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

Net Position

Net Position represents the investment of capital assets of \$8,677,508, net of accumulated depreciation, and unrestricted net position of \$109,937,888 as of June 30, 2013, for a total of \$118,615,396. The net position as of June 30, 2012 was \$105,551,820. The net position balances are available for future operations or distribution.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

2. Cash

A. Petty Cash

The Authority maintains a petty cash account of \$300.

Cash and cash equivalents as of June 30, 2013 and 2012 are reported at fair value and consist of the following:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Petty Cash	\$ 300	\$ 300
Cash in Banks		
Primary Workers' Compensation Checking	3,642,893	9,251,390
Primary General Liability Checking	770,822	441,228
Iron Point Checking	195,981	177,803
	<u>4,609,696</u>	<u>9,870,421</u>
Cash in EIA Treasury		
Cash in Bank, General Checking	4,615,896	3,027,097
Treasury Money Market	20,538,968	17,906,013
State of California, Local Agency Investment Fund	<u>14,989,072</u>	<u>49,890,227</u>
Total Cash in EIA Treasury	<u>40,143,936</u>	<u>70,823,337</u>
Total Cash and Cash Equivalents	<u>\$ 44,753,932</u>	<u>\$ 80,694,058</u>

C. Custodial Credit Risk

The carrying amount of the Authority's total cash in banks was \$9,225,592 at June 30, 2013, and \$12,897,518 at June 30, 2012. The bank balance was \$13,687,518 at June 30, 2013 and \$19,755,035 at June 30, 2012, and was fully insured by the Federal Deposit Insurance Corporation (FDIC). California law requires depository banks to hold collateral equal to 110% of government funds on deposit. Our investment policy does not address custodial credit risk.

D. Authority Treasury

The Authority pools cash resources of its various programs in order to facilitate the management of cash. Cash available to a particular program is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities, as part of the Authority's investments.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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2. Cash (continued)

D. Authority Treasury (continued)

Authority treasury accounts were comprised of the following:

	June 30, 2013	June 30, 2012
Cash In Banks	\$ 25,154,864	\$ 20,933,110
Cash in State of California		
Local Agency Investment Fund	14,989,072	49,890,227
Investments	435,093,753	389,166,944
Investment Income Receivable	2,060,757	2,858,667
Total Treasury Assets	<u>\$ 477,298,446</u>	<u>\$ 462,848,948</u>

	June 30, 2013	June 30, 2012
Primary Workers' Compensation	\$ 73,643,380	\$ 69,977,889
Excess Workers' Compensation	284,751,204	265,122,497
Primary General Liability	3,132,289	4,023,094
General Liability I	123,515,344	123,860,505
General Liability II	7,449,239	17,981,402
Property	(69,725,149)	(67,375,041)
Medical Malpractice	29,687,076	27,382,305
Master Rolling Owner Controlled Ins Program	(3,989)	0
EIAHealth	9,487,862	9,206,123
Dental	12,526,984	9,376,907
Miscellaneous Programs	2,373,396	3,906,390
General Administration	8,240,219	7,721,592
Building Fund	(7,779,409)	(8,334,715)
Total Treasury Balances	<u>\$ 477,298,446</u>	<u>\$ 462,848,948</u>

3. Investments

The Authority's investment policy is designed to achieve an optimum rate of return on available assets not required for current operating needs. Section 53601 of the California Government Code provides the legal authority for investments. An appropriate level of risk shall be maintained by purchasing securities that are liquid, marketable and high quality. Adequate diversification shall be applied to prevent an undue amount of investment risk with any one institution. The classes of investment that most adequately meet the above mentioned criteria shall be allowed for purchase. They are issues of the United States Government, federal agencies (GNMA, FNMA, FHLB, FFCB, and FHLMC), and municipal bonds including those issued by the State of California, negotiable certificates of deposit, bankers' acceptances, commercial paper and medium-term notes. While not as liquid or marketable as prior mentioned securities, repurchase agreements and time certificates of deposit are also allowable investments. The Authority may also deposit investment funds with the State of California Local Agency Investment Fund.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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3. Investments (continued)

The EIA investment policy places a limit on the purchase of debt of any federal government agency of 30% of available funds (book values of securities in the portfolio plus cash and cash equivalents). Purchases of medium-term notes (corporate notes) are limited to 30% of available funds and a minimum rating of A by a nationally recognized rating service (Moody's, Standard and Poor's or Fitch). Purchases of notes from an individual issuer are limited to a maximum of 5% of available funds. Purchases of commercial paper are limited to 25% of available funds, and must be assigned the highest rating offered by Moody's (MIG-1) or Standard and Poor's (SP-1). Any debt, other than commercial paper, must also be assigned a Moody's or Standard and Poor's rating of A or better. Purchases from an individual issuer are limited to 5% of available funds. All restrictions are applicable at the time of purchase.

A. Investment Credit Risk

The investments in the Authority Treasury at June 30, 2013 and 2012 are summarized below. The credit quality rating used is Standard and Poor's, a nationally recognized rating agency.

Investments	Credit Quality Rating	June 30, 2013		June 30, 2012	
		Fair Value	%	Fair Value	%
U.S. Treasury Notes	AA+	\$ 113,203,206	26%	\$ 62,318,964	16%
U.S. Agencies	AA+	183,770,294	42%	184,199,565	47%
Corporate Notes	AAA to A+	97,318,924	22%	116,497,733	30%
Corporate Notes	A	35,808,930	8%	26,143,250	7%
California General Obligation Bonds	A	4,992,400	1%	-	0%
Stock	NA	-	0%	7,432	0%
<b>Total Investments</b>		<b>\$ 435,093,753</b>	<b>100%</b>	<b>\$ 389,166,944</b>	<b>100%</b>

B. Investment Interest Rate Risk

The Authority's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments are generally limited to five years maturity, or less. Investments maturing over five years must be approved by the Authority's Finance Committee.

Maturities of investments held at June 30, 2013 consist of the following:

	<u>Investment Maturities</u>				Time to Maturity
	Fair Value	Less than 1 Year	One to Five Years		
U.S. Agencies	\$ 183,770,294	\$ 156,313,470	\$ 27,456,824		0.84
Corporate Mid Term Notes	114,153,453	36,100,650	78,052,803		1.48
Municipal Bonds	4,992,400	-	4,992,400		2.59
Non U.S. Corporate Bonds	18,974,401	-	18,974,401		2.64
U.S. Treasuries	113,203,206	26,337,660	86,865,546		2.30
<b>Totals</b>	<b>\$ 435,093,753</b>	<b>\$ 218,751,780</b>	<b>\$ 216,341,973</b>		<b>1.49</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

3. Investments (continued)

B. Investment Interest Rate Risk (continued)

The Authority recognizes all investments at fair value in accordance with GASB Statement 31. Fair value equals estimated market values obtained from FT Interactive Data's pricing system, a leading provider of financial information to global markets. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods. Investment income includes \$9,336,209 of unrealized loss for the year ended June 30, 2013. In the year ended June 30, 2012, \$8,874,249 of unrealized loss was recognized.

The calculation of unrealized losses is shown in the following tables:

	June 30, 2013	June 30, 2012
Fair Value at June 30,	\$ 435,093,753	\$ 389,166,944
Add: Proceeds of Investments Disposed Of	274,135,411	283,981,521
Less: Cost of Investments Purchased	(329,392,011)	(305,721,239)
Less Fair Value at July 1	(389,166,944)	(376,301,475)
<b>Change in Fair Value</b>	<b>\$ (9,329,791)</b>	<b>\$ (8,874,249)</b>

	Beginning Fair Value At July 1, 2012	Purchases	Dispositions	Subtotal	Ending Fair Value At June 30, 2013	Change in Fair Value
U.S. Agencies	\$ 184,199,565	\$ 166,123,248	\$ 173,902,821	\$ 176,419,992	\$ 183,770,294	\$ 7,350,302
MTNs	142,640,983	61,609,296	75,000,000	129,250,279	114,153,453	(15,096,826)
Bonds	-	5,016,900	-	5,016,900	4,992,400	(24,500)
Corporate						
Bonds	-	19,126,349	-	19,126,349	18,974,401	(151,948)
U.S. Treasuries	62,318,964	77,516,218	25,226,172	114,609,010	113,203,206	(1,405,804)
Stock	7,432	-	6,418	1,014	-	(1,014)
<b>Totals</b>	<b>\$ 389,166,944</b>	<b>\$ 329,392,011</b>	<b>\$ 274,135,411</b>	<b>\$ 444,423,544</b>	<b>\$ 435,093,753</b>	<b>\$ (9,329,791)</b>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

3. Investments (continued)

C. Concentration of Credit Risk

The Authority's investment policy places limits on the amount that may be invested in any one issuer. The limits are applied at the time the investment decision is made. These limits are summarized as follows:

	Limit per Institution	Limit per type of Investment
Treasury Notes and Bills	100%	100%
U.S. Agencies	30%	100%
Commercial Paper	5%	25%
Bankers' Acceptances	5%	40%
Corporate Mid Term Notes	10%	30%
Time Certificates of Deposit	5%	50%
Municipal Bonds	varies by state	30%
Repurchase Agreements		
30 days or less	10%	100%
Greater than 30 days	5%	100%

Investments with one institution that represent five percent or more of the total investment portfolio are listed below. Investments issued or explicitly guaranteed by the U.S. government and investments with the State of California's Local Agency Investment Fund (LAIF) have been excluded.

Issuer	Number of Securities		Fair Value	Percentage of Total Portfolio
Federal National Mtg Assn	7	\$	68,887,837	15.83%
Federal Home Loan Bank	7	\$	57,373,716	13.19%
Federal Home Loan Mtg Corp	4	\$	37,438,431	8.60%

D. California's Local Agency Investment Fund (LAIF)

The Authority may also invest in the State of California's LAIF, administered by the State Treasurer. California law restricts the Treasurer to investments in the following categories: U.S. Government securities, securities of federally sponsored agencies, domestic corporate bonds, interest bearing time deposits in California banks and savings and loan associations, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, bankers acceptances, negotiable certificates of deposit and loans to various bond funds. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office, 915 Capitol Mall, Sacramento, California 95814. The Pooled

**CSAC EXCESS INSURANCE AUTHORITY  
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3. Investments (continued)

D. California's Local Agency Investment Fund (LAIF) (continued)

Money Investment Board has established policies, goals and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized and that prudent management prevails. LAIF has a continuing audit process throughout the year. The State Controller's Office, as well as an in-house audit process involving three separate divisions, audits all investments on a daily basis.

The total carrying cost of LAIF's pooled money investment account at June 30, 2013, is \$58,812,406,570. The fair value is estimated at \$58,828,474,533, or 1.000273207% of cost. The average maturity of LAIF investments is 278 days at June 30, 2013.

The Authority's balance in LAIF at June 30, 2013, was \$14,989,072, and is recognized at LAIF's cost. LAIF's cost approximates the fair value of the Authority's shares. The Authority's balance in LAIF at June 30, 2012, was \$49,890,227, and was also valued at LAIF's cost. LAIF is not rated by the investment rating firms.

4. Claim Liabilities

The Authority establishes claim liabilities based on estimates of the ultimate cost of claims (including claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time in which such cost must be estimated, varies depending on the coverage involved. Because actual claims cost depends on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques. Claim liability estimates reflect recent settlements, claims frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims cost is implicit in the calculation because reliance is placed both on actual historic data that reflects past inflation, and on other factors that are considered to be approximate modifiers of past experience. Adjustments to claim liabilities are charged, or credited, to expense in the period in which they are made.

The Authority's Board of Directors (Board) elected to establish claim liabilities in some programs at a level which includes investment income on monies set aside to pay claims, that is, on a discounted basis. Total claim liabilities at June 30, 2013 of \$556,157,549 have been presented at the net present value of \$427,846,222. At June 30, 2012, claim liabilities of \$574,278,238 are presented at their present value of \$433,487,862, discounted based on the estimated investment income yield.

The Board establishes the discount rate and funding for the Excess Workers' Compensation Program and the General Liability I Program, and the program Committees establish the discount rate and funding for the Primary Workers' Compensation, Primary General Liability, and Medical Malpractice Programs.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

Annually, the Board and committees evaluate the discount rate to be used for pool funding and for the actuarial valuation of claim liabilities. This is of particular importance for the Excess Workers' Compensation Program, the General Liability I Program and the Medical Malpractice Programs. In these programs, claim liabilities are paid off over a longer period of time and we have changed the discount rate infrequently. However, our investments are yielding less than the discount rate, and have been since the recession began in 2008, and now it appears investment yields will not recover

to previous levels in the short-term. Because of the extremely low yield on our investments, we had our actuary conduct an analysis of the payout patterns on these claims and evaluate the sensitivity of the discount rate. Since June 30, 2011, we have lowered the discount rate in the pooled programs a number of times. The rates used in various programs vary because of the numbers of years it takes to pay out the claims entirely.

The Excess Workers' Compensation Program has an extremely long payout period due to the nature of the claims. This is an "excess" program, meaning coverage sits on top of a member's self-insured retention, which can vary from \$125 thousand up to \$5 million. Much of the liability arises as a result of a future medical award, or disability award, that extends for the life of the injured worker, who may collect benefits for over 30 years. The total funds available to pay those claims earn interest for years, and because of the size of the program, a change in the discount rate results in a change in the liability of millions. The following chart shows the sensitivity of claim liabilities to the discount rate selected and the resulting effect on net position.

Discount Effect on Claim Liabilities in the EWC Program				
Discount Rate Selected	3.75%	3.00%	2.00%	1.00%
Claim Liabilities	261,549,235	282,814,663	319,027,743	357,928,374
Net Position Balance	12,855,925	(8,095,059)	(44,308,140)	(83,208,770)

In the Primary Workers' Compensation Program, we only retain the first \$10 thousand of liability for the years 2009/10 forward. Since this is paid relatively quickly, the claims for these years are not discounted. Claim liabilities that are for years 2003/04 and prior, are discounted at 4%, because we have an aggregate stop loss policy covering these years and we do not expect to exceed the stop loss coverage until possibly 2023. Then we expect to pay off our liability over the next 25 years. The claims for the period 2004/05 to 2008/09 are fully insured.

The discount rate for each program is as follows:

<u>Program</u>	<u>Discount rate</u>
Primary Workers' Compensation	0% 2009/10 forward
Primary Workers' Compensation	4% 2003/04 and prior
Excess Workers' Compensation	3.75%
General Liability I	1.75%
General Liability II	no discount
Property	no discount
Medical Malpractice	1.75%
Dental	no discount

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

A summary of the claim liabilities by program is as follows:

	June 30, 2013	June 30, 2012
Primary Workers' Compensation	\$ 38,896,041	\$ 39,795,595
Excess Workers' Compensation	261,549,235	254,731,443
Primary General Liability	601,280	1,246,894
General Liability I	82,958,450	87,833,205
General Liability II	7,806,716	17,060,410
Property	9,894,205	9,797,472
Medical Malpractice	23,990,295	20,782,555
Dental	2,150,000	2,240,288
Total Claim Liabilities	<u>\$ 427,846,222</u>	<u>\$ 433,487,862</u>

The following represents changes in those aggregate liabilities for the Authority for the past two years:

	June 30, 2013	June 30, 2012
Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	\$ 433,487,862	\$ 422,537,521
Incurred claims and claim adjustment expenses:		
Provision for Retained Risk of the current fiscal year	91,302,066	82,290,774
Increase in Provision for Retained Risk of prior fiscal year:	<u>8,577,413</u>	<u>18,785,661</u>
Total incurred claims and claim adjustment expenses	<u>533,367,341</u>	<u>523,613,956</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	38,009,387	27,492,705
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>67,511,732</u>	<u>62,633,389</u>
Total Payments	<u>105,521,119</u>	<u>90,126,094</u>
Total Unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$ 427,846,222</u>	<u>\$ 433,487,862</u>
Reported Claims	\$ 318,595,678	\$ 276,684,809
Incurred But Not Reported Claims	71,215,926	118,784,475
Unallocated Loss Adjustment Expenses	<u>38,034,618</u>	<u>38,018,578</u>
Total Claim Liabilities	<u>\$ 427,846,222</u>	<u>\$ 433,487,862</u>
Current Claim Liabilities	76,787,992	\$ 74,062,363
Non-current Claim Liabilities	<u>351,058,230</u>	<u>359,425,499</u>
Total Claim Liabilities	<u>\$ 427,846,222</u>	<u>\$ 433,487,862</u>

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

A. Primary Workers' Compensation

The Primary Workers' Compensation (PWC) Program was established on July 1, 1997. PWC is a full service program including claims administration. The Program blends pooling of workers' compensation claims with purchasing of insurance. The Program covers workers' compensation claims up to \$125 thousand per occurrence. Claims in excess of \$125 thousand are the responsibility of the Authority's Excess Workers' Compensation Program.

The PWC Program has an aggregate stop loss policy in place with American Re Insurance Company for the years 1997 to 2004, as well as portfolio transfers that took place for claims prior to July 1, 1997. Workers' compensation portfolio claims incurred by the Santa Cruz County Fire Agencies Insurance Group prior to June 30, 2002, are not covered by any reinsured aggregate stop loss. The estimated ultimate claim cost has exceeded the aggregate stop loss limit. The discounted liability, above the aggregate stop loss limit, is \$4,214,797.

In March 2010, the Authority completed a Loss Portfolio Transfer to ACE Insurance Company of the claim liabilities for the July 2004 through June 2009 years. The transfer price was \$91,600,000. The Authority will continue to administer the claims and is responsible for the Unallocated Loss Adjustment Expense on a go forward basis for those claim years, but ACE is responsible for all claim payments.

For the 2009/10 through 2011/13 policy years, the Authority purchased insurance for claim liabilities in excess of \$10 thousand (per claim) up to \$125 thousand. At June 30, 2013, the outstanding PWC claim liability was as follows:

Claim Period	Estimated Ultimate Claim Cost	Claims Paid	Discount Amount	Ceded Liability	Net Claim Liability
July 1, 1997 to June 30, 2004					
Munich American Risk Partners to attachment point	\$ 260,355,527	\$ 260,355,527	\$ -	\$ -	\$ -
Reinsured layer	38,500,000	21,130,340	-	17,369,660	-
Above reinsured layer	9,815,478	-	5,600,681	-	4,214,797
Santa Cruz Fire Portfolio	9,761,218	9,423,211	-	-	338,007
2009/10 policy year	11,004,000	9,310,650	-	-	1,693,350
2010/11 policy year	11,815,000	10,752,137	-	-	1,062,863
2011/12 policy year	11,441,000	9,699,440	-	-	1,741,560
2012/13 policy year	12,405,000	5,631,790	-	-	6,773,210
<b>Total PWC Claim Liabilities</b>	<b>\$ 365,097,223</b>	<b>\$ 326,303,095</b>	<b>\$ 5,600,681</b>	<b>\$ 17,369,660</b>	<b>\$ 15,823,787</b>

**CSAC EXCESS INSURANCE AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

A. Primary Workers' Compensation (continued)

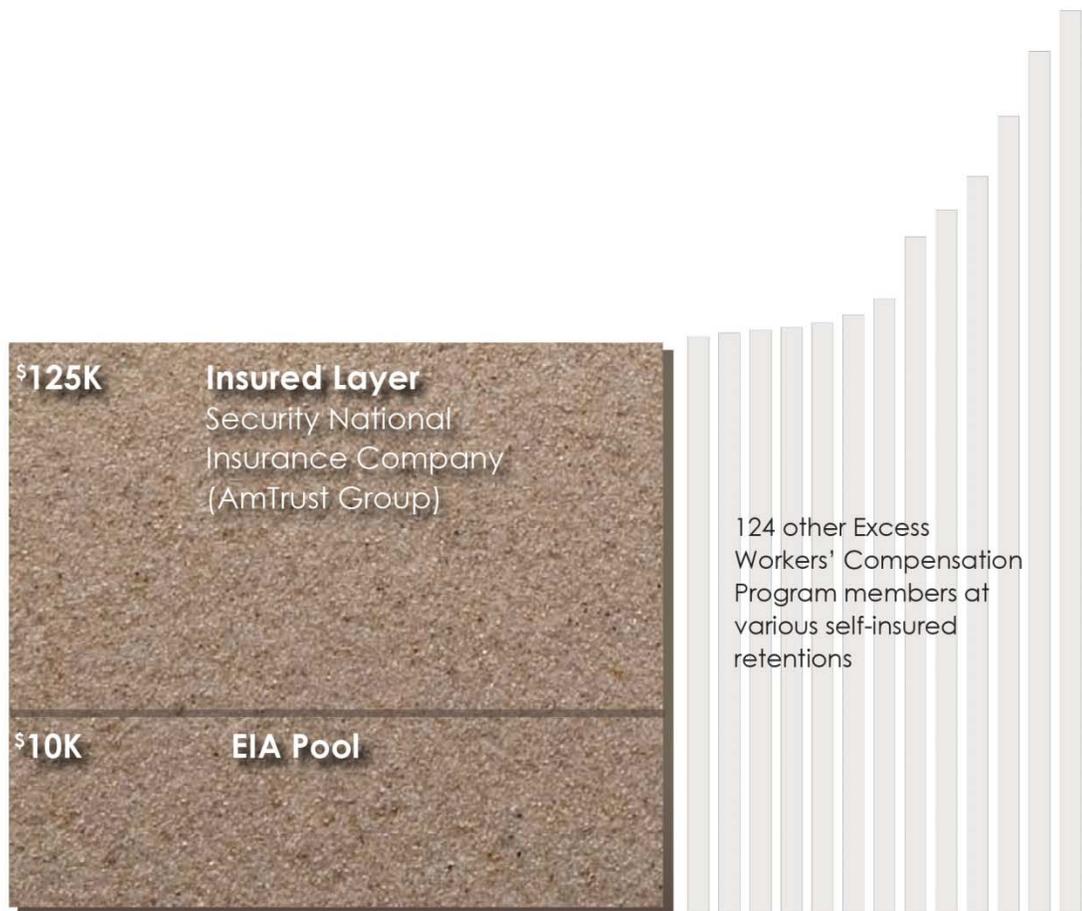
The net PWC claim liability of \$15,823,787 is reported on the balance sheet as \$10 million (which is considered to be short-term payable in one year or less) and \$5,823,787 as long-term liabilities. Unallocated Loss Adjustment Expense was \$23,072,254, for a total claim liability of \$38,896,041.

The chart below shows the current structure of the Program.

Primary Workers' Compensation

2012/2013

**Statutory — Excess Workers' Compensation Program**



**CSAC EXCESS INSURANCE AUTHORITY  
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4. Claim Liabilities (continued)

B. Excess Workers' Compensation

The Excess Workers' Compensation (EWC) Program was first established by the EIA in 1979. In recent years, the Authority had retained responsibility for the payment of workers' compensation claims in excess of each member's self-insured retention (SIR) up to \$5M. On July 1, 2008, the structure of the Program changed with the EIA ceding 70% of the liability for the layer from the member's SIR to \$1M to American Safety Casualty Insurance Company, with the EIA retaining 30% of that layer. Beginning July 1, 2010, the EIA began ceding 80% of the liability to CastlePoint National Insurance Company, with the EIA retaining 20%. Members' SIRs vary between \$125k and \$5M and are approved by the Underwriting Committee. The Authority's coverage responsibility has varied from 1979 to present, as follows:

November 1, 1979 to October 5, 1993	SIR to \$500k
October 6, 1993 to January 1, 1995	SIR to \$750k
January 1, 1995 to June 30, 2002	SIR to \$300k
July 1, 2002 to June 30, 2008	SIR to \$5M
July 1, 2008 to June 30, 2010	SIR to \$1M - 30%-EIA; 70% - American Safety Casualty Insurance Company
July 1, 2010 to June 30, 2012	SIR to \$1M - 20%-EIA; 80% - CastlePoint National Insurance Company
July 1, 2008 to June 30, 2011	100% from \$1M to \$5M above the SIR
July 1, 2011 to June 30, 2012	\$3.5M Aggregate deductible in the \$1M to \$5M layer
July 1, 2012 to June 30, 2013	\$23.8M aggregate deductible in the SIR to \$1M layer and \$4.1M aggregate deductible in the \$1M to \$5M layer

The net position in the EWC Program has declined from a high of \$39M in 2008/09 to \$13M in the current year, due to both adverse loss development and less than expected earnings on the money set aside to pay claims. The Board has established the target equity (assets greater than liabilities) range for the Program, between \$29 million and \$58 million. To support that goal, the Underwriting Committee has made the following recommendations, which were adopted by the Board, to address the risk of adverse loss development. First, starting in 2008/09 and continuing to 2012/13 the EIA has purchased insurance to reduce our pool liability in the SIR to \$5 million layer. This transfer of risk significantly reduces the effect of adverse loss development in this insured layer. In the 2011/12 year, rates were raised an average of 11%. For the 2012/13 renewal, base rates were increased, the confidence level was increased to 75%, and the discount rate was lowered to 4% resulting in an overall increase in rate to the members of 11.9%. Further, coverage was placed in the SIR to \$5 million layer effectively limiting our exposure to \$28 million, while collecting premium of \$37.6 million, creating a \$9.6 million potential increase in equity.

The decline in interest rates since the beginning of the recession in 2008 has been unprecedented. The Underwriting Committee will continue to closely watch interest rates going forward and address the discount rate applied to claim liabilities and in setting pool premiums on a go forward basis. The Board also has the option to increase pool funding by declaring a supplemental assessment, should the need arise.

**CSAC EXCESS INSURANCE AUTHORITY  
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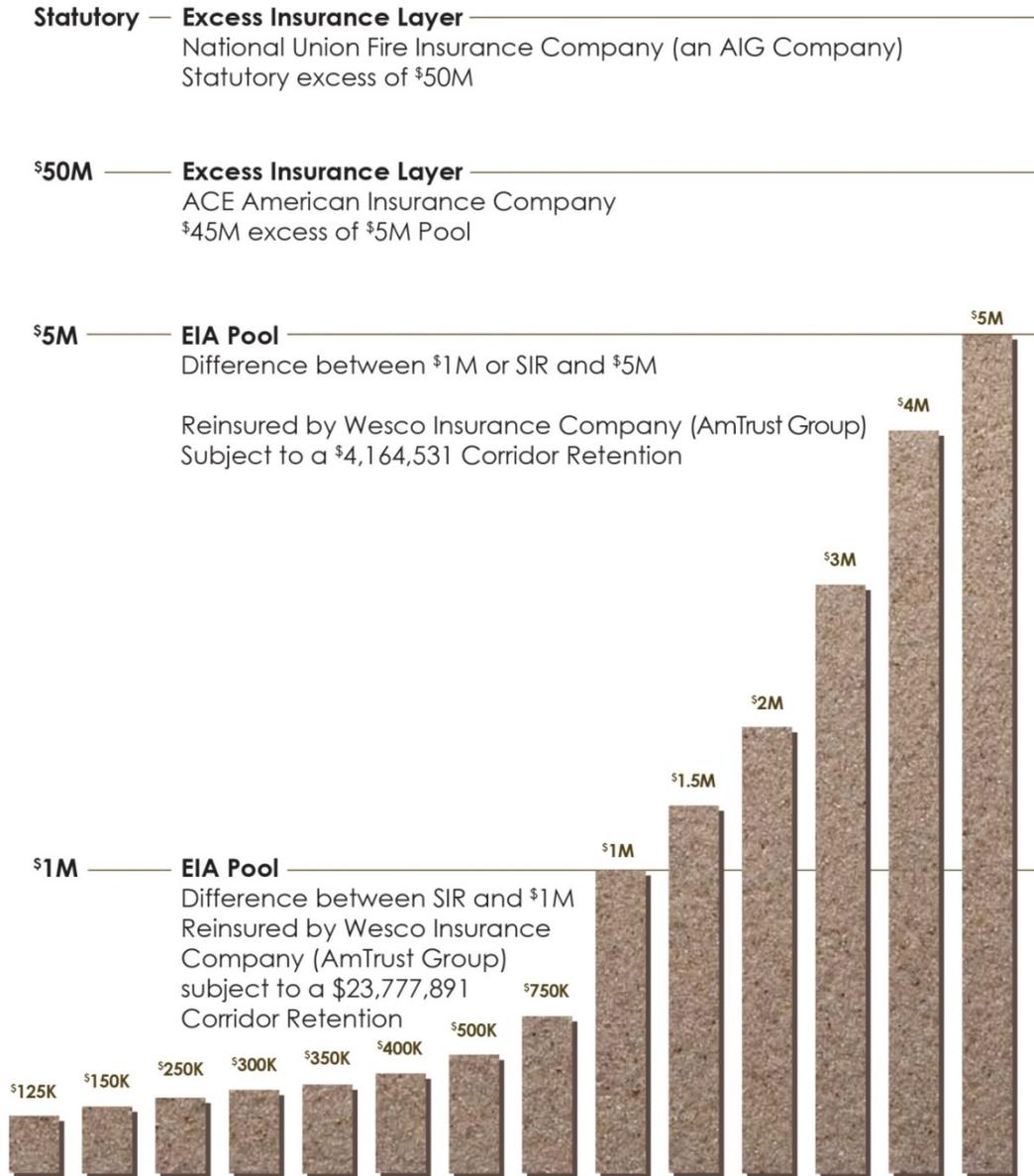
4. Claim Liabilities (continued)

B. Excess Workers' Compensation (continued)

The chart below shows the current structure of the Program.

Excess Workers' Compensation

2012/2013



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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4. Claim Liabilities (continued)

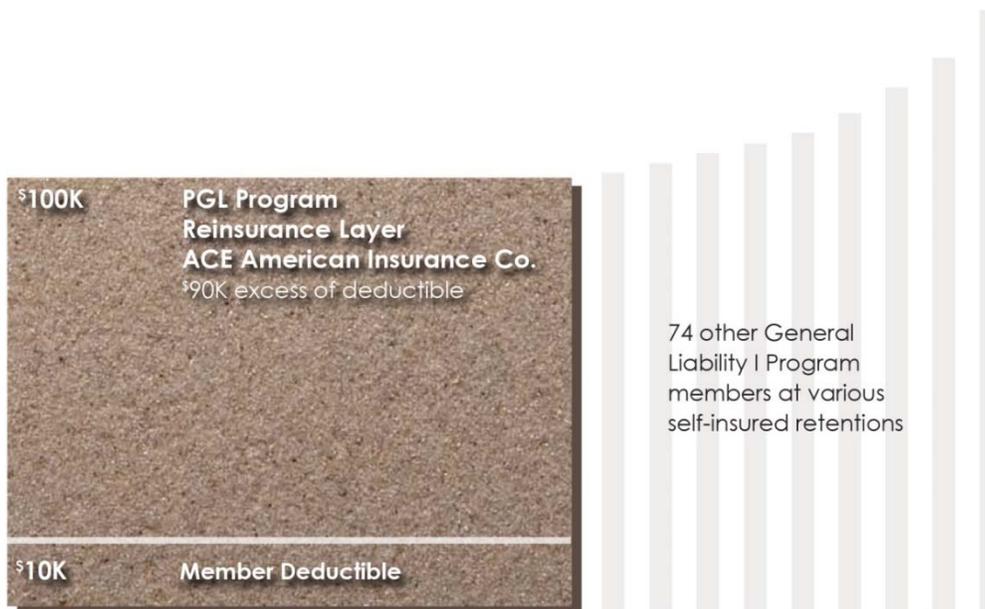
C. Primary General Liability

The Primary General Liability (PGL) Program was established in 1998. Each member of the PGL Program has a \$10K deductible per claim. Claim costs above the \$10K deductible, and below the \$100K limit, are the responsibility of the Authority's PGL Program. Coverage in the primary layer is written to follow the form of the General Liability I Program. Effective July 1, 2004, coverage was underwritten by the Authority and reinsured by Imagine Insurance Company, Limited (Imagine) through April 30, 2010, at which time the policy with Imagine was cancelled and coverage was bound with ACE Insurance Company. In fiscal year 2011/12, the Authority negotiated a commutation with Imagine. Imagine paid the Authority \$2.2 million to take back the claim liabilities, which is included as other revenue on the financial statements. Since the PGL Committee wanted a conservative estimate of liabilities so they could evaluate the program equity for declaration of a dividend, these claims are not discounted. The chart below shows the current structure of the Program.

Primary General Liability

2012/2013

\$25M — General Liability I Program



**CSAC EXCESS INSURANCE AUTHORITY  
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4. Claim Liabilities (continued)

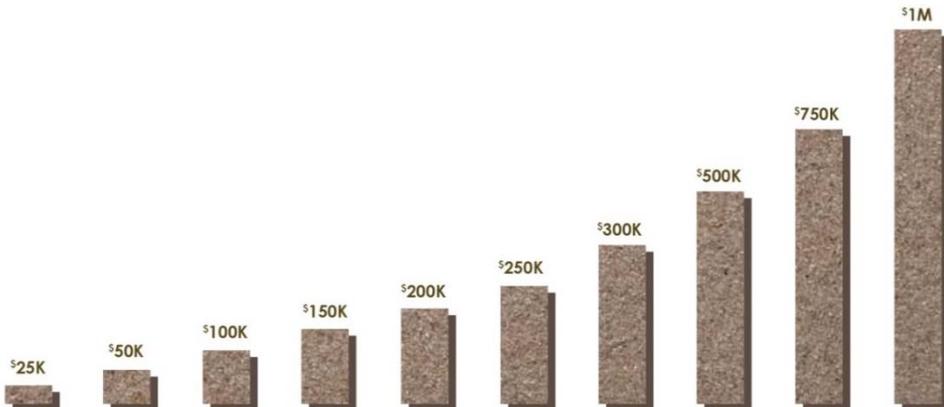
D. General Liability I

The Authority's General Liability I (GLI) Program began pooling risk on July 1, 1985. The GLI Program combines risk retention, risk pooling and the purchase of excess reinsurance. Each member maintains an SIR between \$25K and \$1M. The Authority retains responsibility for claims in excess of each member's SIR. Claim liabilities are recognized based on the actuarial estimate of the expected ultimate claim cost, discounted at 2.25%. Reinsurance has been purchased for claims in excess of the pool limits. Additional coverage can be added by purchasing optional excess liability insurance, which is available as part of the Miscellaneous Liability Programs. For the 2011/12 and 2012/13 fiscal years, the Authority retained the risk of \$5M (inclusive of the members' SIR) and purchased reinsurance from \$5M up to \$25M.

The chart below shows the current structure of the Program.

## General Liability I

2012/2013



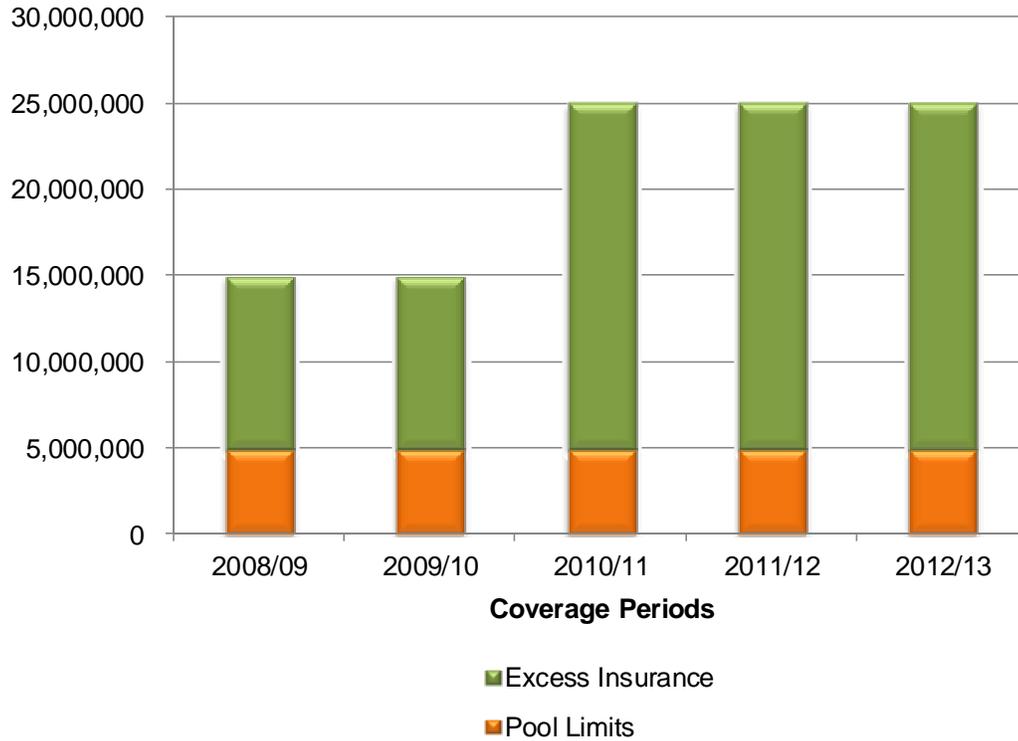
\*19 GLI Program members purchase additional limits through the Optional Excess Liability Program

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

D. General Liability I (continued)

The program limits for the past five years are illustrated in the following chart:



E. General Liability II

The General Liability II (GLII) Program was designed to meet the liability insurance needs of the larger members. The Program began February 15, 1991. Each member is responsible for their self-insured retention (SIR) ranging from \$1M to \$3M. The 2012 and 2013 policy years have been written on a fully insured basis. For the policy year 2010/11, claims in excess of the member's SIR were covered by a combination of a corridor deductible, and reinsurance up to \$25 million. The corridor deductible for the year ended June 30, 2011 was \$8,578,800. Optional excess insurance was available to increase coverage in excess of the GLII Program limits of \$25M.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

E. General Liability II (continued)

The chart below shows the current structure of the Program.

General Liability II

2012/2013



\*6 GLII Program members purchase additional limits through the Optional Excess Liability Program

F. Property

The Authority's Property Program was established to allow members to group purchase primary and excess property insurance. The coverage provides all risk, flood, boiler and machinery and earthquake limits. Members are responsible for deductibles ranging from \$5K to \$150K. There are other unique deductible requirements for specific types of claims including a 5% deductible applicable to earthquake claims. Optional coverage is available for contractor's equipment, auto physical damage and fine arts.

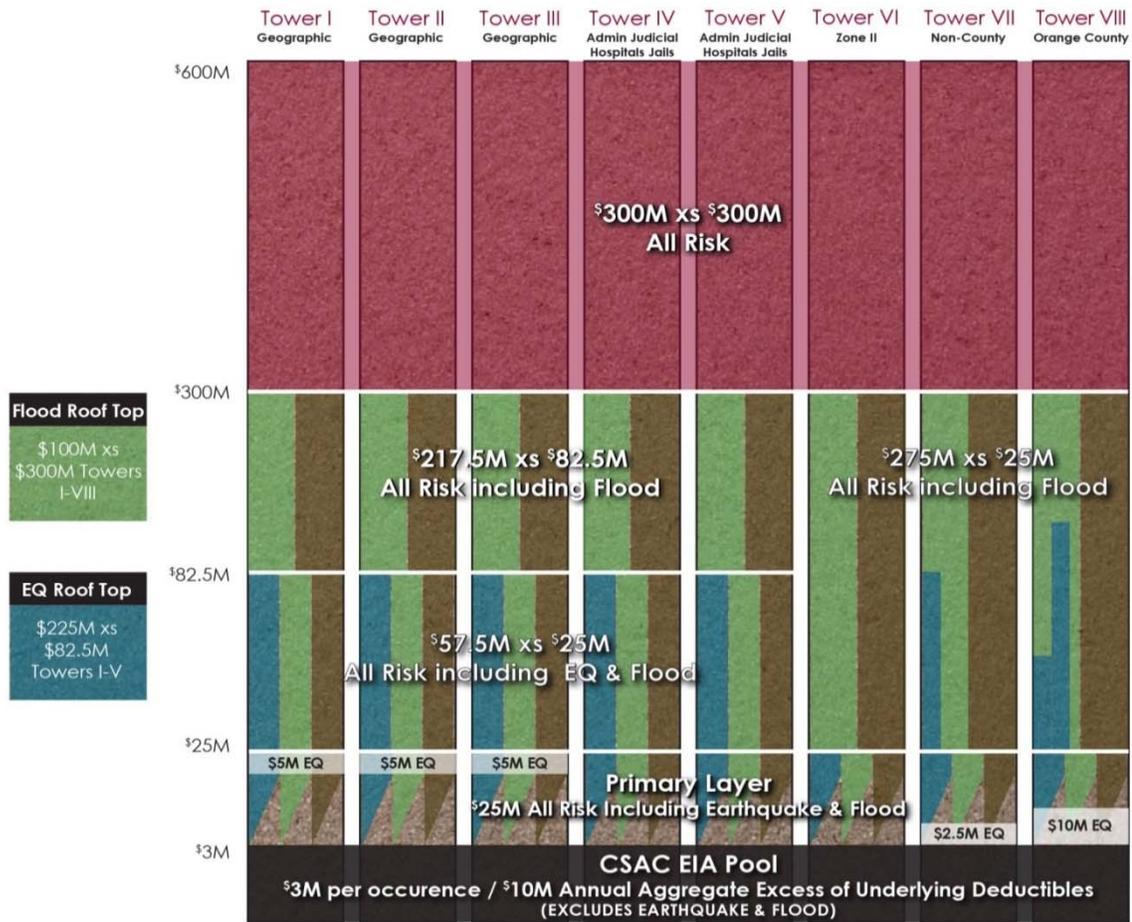
**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

F. Property (continued)

The primary portion of the Property Program requires a three-year pre-payment of the premium. This prepaid insurance was financed, without creating budgetary hardships on members, by using the returned premiums from the canceled policies and resources from the EIA Treasury. Members are billed each July for the coverage period April 1<sup>st</sup> to March 31<sup>st</sup>. Premiums for the period April 1, 2013, to June 30, 2013, have been recognized as a receivable due from members. At each annual renewal, the Property Program has been rewritten, adding another year. In March 2013, the primary insurance policy was cancelled and rewritten for a three-year term, with pool limits of \$3M per claim and \$10M aggregate. Excess insurance provides coverage for flood, earthquake and other catastrophic events with various limits. For purposes of excess coverage including flood and earthquake, member property is divided amongst eight placements of "towers" to spread exposures around the State. The structure of the Property Program is as follows:

Property  
2012/2013



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

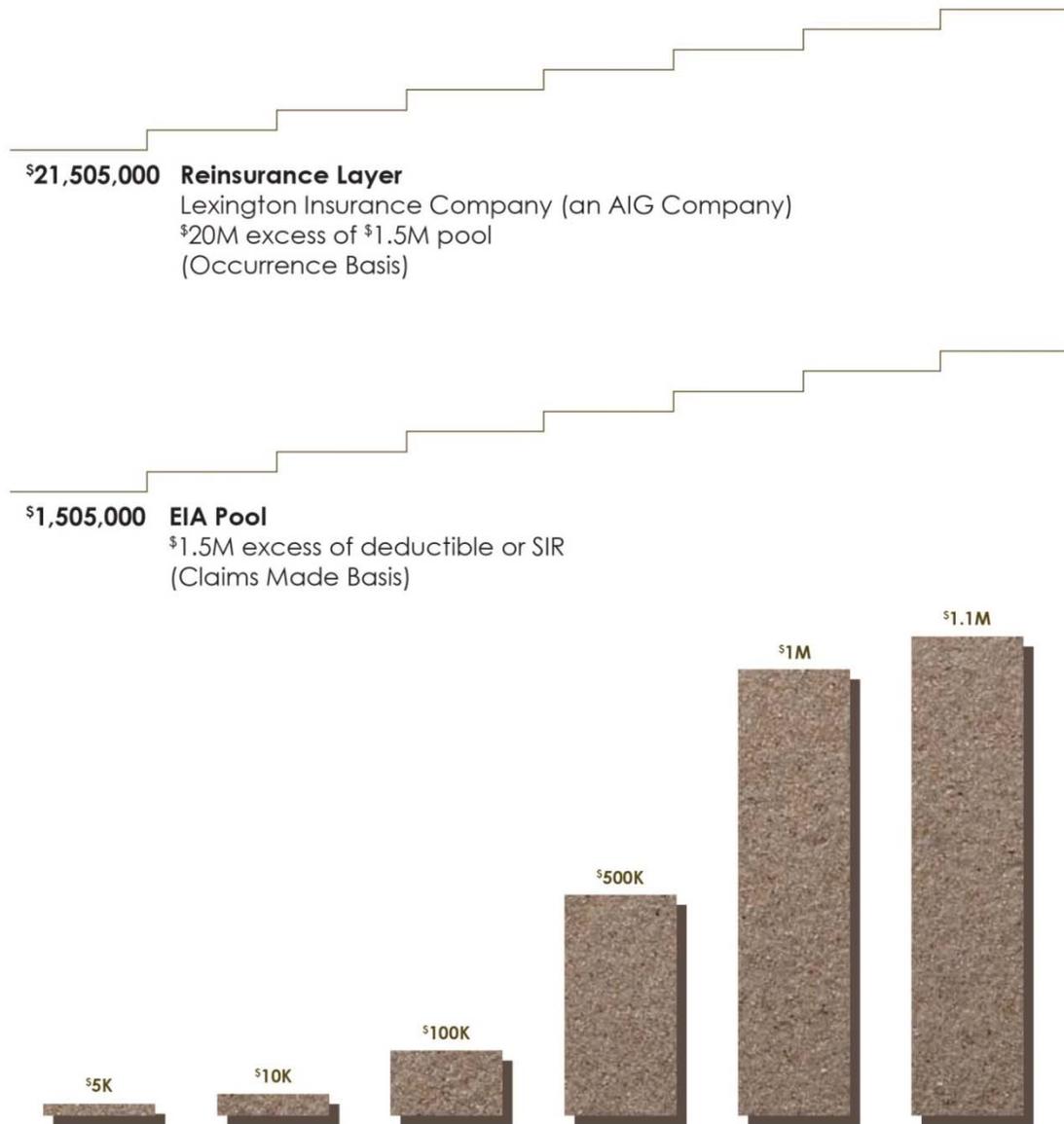
G. Medical Malpractice

The Medical Malpractice Program was established June 1, 1988 to provide medical malpractice, general liability, and blanket contract health coverage to public health facilities. The Program provides coverage to members with exposures ranging from large acute care hospitals to small public and mental health clinics. The Program is divided into two groups for underwriting purposes – Program I for larger members with self-insured retentions, and Program II for smaller members with deductibles.

The Program structure is illustrated in the following chart:

Medical Malpractice

2012/2013



**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

4. Claim Liabilities (continued)

G. Medical Malpractice (continued)

Like the General Liability I Program, the Medical Malpractice Program combines risk retention, risk pooling and the purchase of excess insurance. Medical Malpractice Program I members have a range of self-insured retention options from \$50K to \$1.1M, which are approved by the Medical Malpractice Committee. Medical Malpractice Program II members can elect deductibles from \$5K to \$10K.

The pooled layer is \$1.5 million excess of each member's deductible or retention. The pool was formed on a "claims-made" basis. On October 1, 2010, excess coverage was rewritten on an "occurrence" basis. The excess layers were previously on a "claims-made" basis, but were changed to an "occurrence" basis with the October 1, 2010 renewal.

H. EIAHealth

The EIAHealth Program was launched on July 1, 2003, with participation from three members, and has now grown to a total of 24 members. At July 1, 2006, the EIA entered into a partnership with Self-Insured Schools of California (SISC) and discontinued their pooled plan. There are no claim liabilities associated with the discontinued plan. The structure of the SISC partnership allows each member to select their plan design with unlimited coverage available. As this is a fully insured plan there is no residual liability that accrues to the EIA, nor is there any EIA equity.

I. Dental

On January 1, 2010, the Authority offered a new, pooled Dental plan that can accommodate various member driven plan designs. Claim liabilities are very predictable based on capped benefits. The claim liability at June 30, 2013 of \$2,150,000 is undiscounted and is considered short term.

5. Capital Assets

Capital assets include land, buildings, tenant improvements, furniture, equipment and software assets. Capital assets are defined as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

5. Capital Assets (continued)

A capital asset summary of the land, buildings and equipment is presented below:

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Depreciable Assets:				
Buildings and Tenant Improvements	8,088,280	-	-	8,088,280
Furniture and Equipment	1,168,141	41,766	(21,000)	1,188,908
Software	377,691	280,885	-	658,576
Lease Acquisition Costs	127,291	-	-	127,291
<b>Total Depreciable Assets</b>	<b>9,761,403</b>	<b>322,651</b>	<b>(21,000)</b>	<b>10,063,054</b>
Less Accumulated Depreciation	<u>(1,912,698)</u>	<u>(493,848)</u>	<u>21,000</u>	<u>(2,385,546)</u>
Net Depreciable Assets	<u>7,848,705</u>	<u>(171,197)</u>	<u>-</u>	<u>7,677,508</u>
Net Land, Buildings and Equipment	<u>\$ 8,848,705</u>	<u>\$ (171,197)</u>	<u>\$ -</u>	<u>\$ 8,677,508</u>

Depreciation of furniture, equipment and software is reported as an operating expense in the General Administration Fund. Depreciation for the building and tenant improvements is reported in the Building Funds. Total accumulated depreciation is reported as follows:

Accumulated Depreciation Detail	Balance at			Balance at June 30, 2013
	June 30, 2012	Additions	Reductions	
Buildings and Tenant Improvements	\$ (829,345)	\$ (328,967)	\$ -	(1,158,312)
Furniture and Equipment	(778,708)	(110,450)	21,000	(868,158)
Software	(260,421)	(36,088)		(296,509)
Lease Acquisition Costs	(44,224)	(18,343)		(62,567)
<b>Total</b>	<u>\$ (1,912,698)</u>	<u>\$ (493,848)</u>	<u>\$ 21,000</u>	<u>\$(2,385,546)</u>

The Authority has not incurred any interest cost that is required to be capitalized in accordance with FASB-34 or FASB-62.

Depreciation is calculated using the straight-line method. The useful life for major classes of capital assets is as follows:

	<u>Useful Life</u>
Buildings	40-60 years
Excess Insurance Authority Tenant Improvements	10-25 years
Tenant Improvements of Leased Space (over term of lease)	5-11 years
Furniture	7 years
Copiers and Telephone Equipment	5 years
Computers	3 years
Software	3-6 years

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

6. Operating Leases

The Authority has leased 94% of the first floor, of its two story building, at 75 Iron Point Circle. The Authority occupies the entire second floor. Leases with various commercial tenants have been executed for periods of 5 to 10 years, with some of the shorter leases having additional options to extend, but none exceeding 10 years. The cost of tenant improvements for the space under lease is \$962,529, with accumulated depreciation of \$517,788. The cost of the building and improvements under lease is \$3,659,389, with accumulated depreciation of \$705,126. The following is the schedule of lease revenue receivable under these operating leases:

2014	\$	426,861
2015		429,078
2016		249,771
2017		114,985
2018 to 2020		335,373
Total	\$	<u>1,556,068</u>

7. Pension Plan

Qualified employees are covered under the Miscellaneous Plan of the Authority; a cost sharing multiple-employer defined benefit pension plan maintained by the California Public Employees Retirement System (CalPERS), an agency of the State of California.

A. Plan Description and Provisions

The Authority contributes to CalPERS. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. In the 2% at age 55 plan, a member becomes eligible for service retirement upon attainment of age 50, with at least five years of credited service. The service retirement benefit calculated for service earned by this group of employees is a monthly allowance equal to the product of the years of service, final compensation and benefit factor. The benefit factor (1.426%-2.418%) depends on the member's age at retirement and is 2% at 55 years. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. State statute and Authority policy establish benefits provisions and all other requirements. Copies of CalPERS' annual financial report and required supplementary information may be obtained from their executive office, 400 Q Street, Sacramento, California 95814.

B. Funding Policy and Progress

Participants are required to contribute 7% of their annual covered salary. The Authority has been making a percentage of the contribution required of certain EIA employees on their behalf, for their account. This will be fully phased out after fiscal 2013/14. The Authority is required to contribute at an actuarially determined rate. The Authority's contribution rates, on covered payroll for all employees, were 11.39% for the 2011/12 year and 11.70% for the 2012/13 year. The contribution requirements of plan members and the Authority are established, and may be amended, by CalPERS.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

7. Pension Plan (continued)

C. Annual Pension Cost

For 2012/13, the Authority's annual pension cost of \$567,063 for CalPERS was equal to the Authority's required and actual contributions.

8. Other Postemployment Benefits (OPEB)

A. Plan Description

The Authority's defined benefit postemployment healthcare plan, CSAC Excess Insurance Authority Postemployment Healthcare Plan (CSAC EIA OPEB), provides limited medical benefits for retired employees and their beneficiaries. CSAC EIA OPEB is affiliated with the California Public Employees Retirement System (CalPERS) health care program. The Authority contributes these benefits to the agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS Health Services Division. Retired employees and their beneficiaries must continue their participation in a CalPERS Health care program to access CSAC EIA OPEB benefits.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their executive office, 400 Q Street, Sacramento, California 95814.

The Public Employees' Medical and Hospital Care Act of the State of California assigns the authority to establish and amend benefit provisions to the CalPERS Board of Directors. The postemployment health care benefit rates per month, per retiree, have been established by the CalPERS Board of Directors as shown below. Retirees, or their beneficiaries, are responsible for the remaining balance of their monthly health care cost.

Calendar Year 2012	\$112.00 per month
Calendar Year 2013	\$115.00 per month
Calendar Year 2014	\$119.00 per month
Thereafter	Adjusted by the CalPERS Board to reflect changes in the medical care component of the CPI

B. Funding Policy

The Authority is contractually required to contribute, at the rates assessed by CalPERS, as shown above. The Authority's accounting policy requires that the unfunded net OPEB obligation be recognized as a liability of the General Administration Program, in accordance with GASB Statement 45. For the year ended June 30, 2013, the Authority's annual OPEB expense was \$75,036 and was equal to the Annual Required Contribution (ARC), adjusted by interest, on the net OPEB obligation and reduced by expense paid in the current year and other required adjustments. The 2012 OPEB expense was \$70,742.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years ended 2011, 2012 and 2013 were as follows:

<u>Fiscal Year Ended</u>	<u>Net ER Contribution</u>	<u>OPEB Exp</u>	<u>%</u>
June 30, 2011	\$8,742	\$66,650	13.12%
June 30, 2012	\$9,405	\$70,742	13.29%
June 30, 2013	\$10,272	\$75,036	13.69%

The annual required contribution for the fiscal year ended June 30, 2013, and the current net OPEB obligation as of June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 505,660
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 505,660</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Projected Covered Payroll (active plan members)	\$4,044,566
UAAL as a percentage of covered payroll	12.50%
Annual Required Contribution	
Normal Cost	\$ 46,642
Amortization of UAAL (30 Years)	32,633
Interest to June 30, 2013 and ARC Adjustment	3,567
Total Annual Required Contribution (ARC)	<u>82,842</u>
Interest on Net OPEB Obligation at beginning of year	15,654
ARC Adjustment for current fiscal year	(23,460)
Less Net Employer Contribution	(10,272)
Balance forward from 2012	347,877
Current Net OPEB Obligation	<u>\$ 412,641</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, immediately following the notes to the financial statements (in the Required Supplemental Information section), presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

8. Other Postemployment Benefits (OPEB) (continued)

B. Funding Policy (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members), and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.5% after eight years. Both rates include a 3.25% inflation assumption.

C. Actuarial Methods and Assumptions

The actuarial value of CSAC EIA OPEB's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2013 was 25 years.

9. Reliance Contingent Receivable

The Authority has purchased insurance, and re-insurance, policies with Reliance Insurance Company. On May 29, 2001, Reliance was taken over by the State of Pennsylvania Insurance Department and is in the process of being liquidated. The State of Pennsylvania Department of Insurance was appointed as the liquidator. The Authority had coverage with Reliance for three of its programs; Excess Workers' Compensation (EWC), Primary General Liability (PGL), and Medical Malpractice. The Authority has hired legal counsel and is pursuing its claims in liquidation for the PGL and Medical Malpractice Programs. In addition, the Board of Directors took action to fund any claims that would have been paid by Reliance for these programs through supplemental assessments; therefore, there is no unfunded contingent liability for these programs.

The Authority estimates that the ultimate cost of workers' compensation claims for 1996/97 (insured by Reliance Insurance Company), which are not covered by the California Insurance Guarantee Association (CIGA), is \$3.9 million and is included in claims liabilities.

The Authority estimated that the ultimate cost of PGL claims for years 1998 to 2000 (covered by re-insurance contracts with Reliance) to be \$2,078,977. The Board of Directors approved a supplemental assessment of \$2,024,452, payable over five years (2002 - 2007), to ensure that PGL claims were paid on a timely basis. The Authority has paid claims due from the Reliance re-insurance contracts totaling \$2,066,980. Management believes that these claims should be classified in Class B. A provision of \$2,066,980 has been set aside for uncollectible re-insurance claims. At 2012, there were no claims open in the 1998-2000 Reliance years, so the PGL Program Committee authorized a return dividend of \$707,055, the balance of the assessment and interest thereon to those members that paid the assessment.

**CSAC EXCESS INSURANCE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

9. Reliance Contingent Receivable (continued)

The Authority estimated that the ultimate cost of Medical Malpractice claims for years 1988 to 2000 (insured by Reliance and re-insurance contracts) to be \$14,660,898. The Board of Directors approved an adjusted supplemental assessment of \$8,641,737, payable over five years, to insure that Medical Malpractice claims were paid on a timely basis. The Authority has paid claims due from the Reliance re-insurance contracts totaling \$9,342,708. As of June 30, 2012, there were no outstanding reserves for the Reliance years.

10. Subsequent Events

The Authority's management evaluated its 2012/13 financial statements for subsequent events through November 22, 2013, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTAL INFORMATION**

**CSAC Excess Insurance Authority  
Required Supplementary Information  
Schedule of Funding Progress**

**Schedule of Funding Progress - California Public Employees' Retirement System:**

The Miscellaneous Plan of the CSAC Excess Insurance Authority is a cost sharing multiple-employer defined benefit plan maintained by the California Public Employees Retire System (CalPERS), an agency of the State of California.

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a percent of Payroll
June 30, 2008	\$ 2,780,280,768	\$ 2,547,323,278	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
June 30, 2009	3,104,798,222	2,758,511,101	346,287,121	88.9%	742,981,488	46.6%
June 30, 2010	3,309,064,934	2,946,408,106	362,656,828	89.0%	748,401,357	48.5%

**Schedule of Funding Progress - Other Postemployment Benefits (OPEB):**

Refer to footnote 8A for a description of the Plan.

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL (UAAL) as a % of Covered Payroll
July 1, 2007	\$ 313,888	\$ -	\$ 313,888	0.00%	\$ 2,663,492	11.78%
July 1, 2010	393,045	-	393,045	0.00%	3,793,952	10.36%

**CSAC EXCESS INSURANCE AUTHORITY  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Dental	Total June 30, 2013	Total June 30, 2012
Unpaid Claims and Claim Adjustment Expenses at the										
A. Beginning of the Fiscal Year	\$ 39,795,595	\$ 254,731,443	\$ 1,246,894	\$ 87,833,205	\$ 17,060,410	\$ 9,797,472	\$ 20,782,555	\$ 2,240,288	\$ 433,487,862	\$ 422,537,521
Incurred Claims and Claim Adjustment Expenses:										
Provision for Claims										
Current Fiscal Year	11,989,737	17,160,279	201	20,614,158	20,605	10,634,339	5,190,772	25,691,975	91,302,066	82,290,774
Prior Fiscal Years	(2,637,443)	10,280,908	(501,466)	(437,058)	633,357	-	1,239,115	-	8,577,413	18,785,661
B. Total Incurred	9,352,294	27,441,187	(501,265)	20,177,100	653,962	10,634,339	6,429,887	25,691,975	99,879,479	101,076,435
Payments:										
Attributable to insured events of the										
Current Fiscal Year	5,631,790	38,785	-	-	-	8,793,309	3,528	23,541,975	38,009,387	27,492,705
Prior Fiscal Years	4,620,058	20,584,610	144,349	25,051,855	9,907,656	1,744,297	3,218,619	2,240,288	67,511,732	62,633,389
C. Total Payments	10,251,848	20,623,395	144,349	25,051,855	9,907,656	10,537,606	3,222,147	25,782,263	105,521,119	90,126,094
Total Unpaid Claims and Claim Adjustment Expenses at										
D. End of the Fiscal Year (A+B-C)	\$ 38,896,041	\$ 261,549,235	\$ 601,280	\$ 82,958,450	\$ 7,806,716	\$ 9,894,205	\$ 23,990,295	\$ 2,150,000	\$ 427,846,222	\$ 433,487,862
Claims Reported										
Claims Incurred But Not Reported	\$ 14,537,790	\$ 237,373,361	\$ 443,239	\$ 36,706,332	\$ 7,376,714	\$ 9,818,039	\$ 10,190,203	\$ 2,150,000	\$ 318,595,678	\$ 276,684,809
Unallocated Loss Adjustment Expenses	1,285,997	13,390,488	-	44,237,132	-	-	12,302,309	-	71,215,926	118,784,475
Total Claim Liabilities	23,072,254	10,785,386	158,041	2,014,986	430,002	76,166	1,497,783	-	38,034,618	38,018,578
Total Claim Liabilities	\$ 38,896,041	\$ 261,549,235	\$ 601,280	\$ 82,958,450	\$ 7,806,716	\$ 9,894,205	\$ 23,990,295	\$ 2,150,000	\$ 427,846,222	\$ 433,487,862
Current Claim Liabilities	\$ 10,000,000	\$ 22,000,000	\$ 443,239	\$ 20,000,000	\$ 7,376,714	\$ 9,818,039	\$ 5,000,000	\$ 2,150,000	\$ 76,787,992	\$ 74,062,363
Noncurrent Claim Liabilities	28,896,041	239,549,235	158,041	62,958,450	430,002	76,166	18,990,295	-	351,058,230	359,425,499
Total Claim Liabilities	\$ 38,896,041	\$ 261,549,235	\$ 601,280	\$ 82,958,450	\$ 7,806,716	\$ 9,894,205	\$ 23,990,295	\$ 2,150,000	\$ 427,846,222	\$ 433,487,862

**CSAC EXCESS INSURANCE AUTHORITY  
REQUIRED SUPPLEMENTAL INFORMATION  
ALL PROGRAMS  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
ALL PROGRAMS  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 206,295,257	\$ 243,938,309	\$ 263,782,083	\$ 203,916,939	\$ 228,191,188	\$ 205,457,419	\$ 219,499,107	\$ 240,734,572	\$ 250,968,652	\$ 265,584,512
Less Ceded	(62,517,204)	(65,913,774)	(74,567,750)	(80,536,010)	(85,715,084)	(90,750,025)	(118,671,863)	(124,032,299)	(140,284,951)	(134,323,649)
Supplemental Assessments	5,081,313	-	-	-	-	-	-	-	-	-
Dividends Declared	(3,190,427)	18,390,000	7,499,982	(110,000)	-	(443,156)	-	-	-	-
Investment Earnings	21,413,618	28,807,191	21,821,549	17,579,715	16,901,061	8,564,585	5,894,988	2,159,164	948,683	568,366
1. Total Revenues Available For Payment of Claims	<u>167,082,557</u>	<u>225,221,726</u>	<u>218,535,864</u>	<u>140,850,644</u>	<u>159,377,165</u>	<u>122,828,823</u>	<u>106,722,232</u>	<u>118,861,437</u>	<u>111,632,384</u>	<u>131,829,229</u>
2. Unallocated Loss Adjustment Expense	<u>10,664,362</u>	<u>5,664,951</u>	<u>4,796,913</u>	<u>5,415,214</u>	<u>5,902,877</u>	<u>6,015,628</u>	<u>5,921,642</u>	<u>10,744,346</u>	<u>8,530,004</u>	<u>8,738,257</u>
3. Estimated Incurred Claims	198,064,537	201,725,880	218,836,684	161,693,471	191,608,272	168,334,312	188,945,136	215,233,427	213,440,311	217,058,972
Less Ceded Claims	(58,331,400)	(56,694,885)	(64,288,638)	(71,965,172)	(78,219,476)	(74,730,617)	(113,217,423)	(118,226,513)	(134,379,692)	(128,031,003)
Net Incurred Claims and Expenses, End of Policy Year	<u>139,733,137</u>	<u>145,030,995</u>	<u>154,548,046</u>	<u>89,728,299</u>	<u>113,388,796</u>	<u>93,603,695</u>	<u>75,727,713</u>	<u>97,006,914</u>	<u>79,060,619</u>	<u>89,027,969</u>
4. Cumulative Paid Claims as of:										
End of the Policy Year	34,371,296	36,761,975	44,005,375	9,187,924	11,956,063	7,844,284	10,742,041	22,910,691	27,492,705	33,484,425
One Year Later	54,819,191	54,029,329	60,907,745	25,085,043	35,294,585	31,740,599	23,775,301	32,697,758	40,019,455	-
Two Years Later	64,797,025	71,300,081	76,131,247	39,839,014	76,638,605	36,081,133	28,979,209	49,088,083	-	-
Three Years Later	74,566,993	83,148,814	86,322,756	81,433,490	91,033,594	56,503,539	44,934,510	-	-	-
Four Years Later	87,010,245	87,957,626	104,682,472	87,914,156	100,573,280	73,732,143	-	-	-	-
Five Years Later	94,309,560	106,818,739	109,858,845	93,783,550	105,408,448	-	-	-	-	-
Six Years Later	100,628,554	108,819,289	115,983,068	96,876,083	-	-	-	-	-	-
Seven Years Later	126,355,339	112,455,649	123,793,180	-	-	-	-	-	-	-
Eight Years Later	129,122,510	114,407,830	-	-	-	-	-	-	-	-
Nine Years Later	131,318,515	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	<u>112,473,377</u>	<u>48,019,577</u>	<u>58,380,414</u>	<u>17,267,157</u>	<u>45,646,354</u>	<u>41,363,895</u>	<u>(5,998,137)</u>	<u>35,153,870</u>	<u>12,951,019</u>	<u>(9,954,024)</u>
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	132,307,272	143,368,596	141,907,271	86,935,972	108,856,409	82,784,262	67,948,559	84,470,196	82,691,793	92,728,506
One Year Later	134,072,134	137,714,340	137,894,002	94,776,602	116,612,623	86,840,489	63,531,812	93,524,567	82,225,745	-
Two Years Later	134,792,879	127,828,597	137,941,424	96,090,069	123,144,107	90,406,036	77,969,647	94,624,510	-	-
Three Years Later	136,567,660	123,293,150	143,340,917	121,586,773	134,586,152	103,809,213	79,027,007	-	-	-
Four Years Later	143,143,532	122,668,052	143,328,684	121,087,951	135,006,373	102,537,020	-	-	-	-
Five Years Later	148,659,000	132,857,552	143,594,199	123,221,028	136,254,221	-	-	-	-	-
Six Years Later	147,175,289	131,017,300	144,606,926	123,195,203	-	-	-	-	-	-
Seven Years Later	154,677,400	131,953,576	143,769,217	-	-	-	-	-	-	-
Eight Years Later	156,004,294	132,520,509	-	-	-	-	-	-	-	-
Nine Years Later	160,067,766	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	<u>\$ 20,334,629</u>	<u>\$ (12,510,486)</u>	<u>\$ (10,778,829)</u>	<u>\$ 33,466,904</u>	<u>\$ 22,865,425</u>	<u>\$ 8,933,325</u>	<u>\$ 3,299,294</u>	<u>\$ (2,382,404)</u>	<u>\$ 3,165,126</u>	<u>\$ 3,700,537</u>

**SUPPLEMENTAL INFORMATION**

**COMBINING FINANCIAL STATEMENTS**

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

ASSETS:	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	Master Rolling OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>Current Assets:</b>															
Petty Cash Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ 300
Cash in Banks	3,642,893	-	770,822	-	-	-	-	-	-	-	-	-	195,981	-	4,609,696
Cash, EIA Treasury	5,328,583	20,603,623	226,642	8,937,148	539,001	-	2,148,055	-	686,509	906,410	171,731	596,234	-	-	40,143,936
<b>Total Cash &amp; Equivalents</b>	<b>8,971,476</b>	<b>20,603,623</b>	<b>997,464</b>	<b>8,937,148</b>	<b>539,001</b>	<b>-</b>	<b>2,148,055</b>	<b>-</b>	<b>686,509</b>	<b>906,410</b>	<b>171,731</b>	<b>596,534</b>	<b>195,981</b>	<b>-</b>	<b>44,753,932</b>
Investments	29,036,441	112,272,977	1,235,013	48,700,181	2,937,119	-	11,705,153	-	3,740,917	4,939,195	935,793	3,248,991	-	-	218,751,780
Accounts Receivable															
Due From Members	30,466	348,197	165,643	-	21,784	13,680,796	-	-	405	453,317	487,360	34,224	-	-	15,222,192
Investment Income	273,539	1,057,671	11,634	458,781	27,670	-	110,269	-	35,241	46,530	8,816	30,607	-	-	2,060,758
Re-Insurance Claims	1,640,659	2,192,884	210,530	-	64,163	-	-	-	-	-	-	-	-	-	4,108,236
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	15,554,286	17,223,714	189,462	7,471,059	450,581	250,000	1,795,679	-	573,891	757,718	143,559	498,425	-	(44,908,374)	-
Prepaid Insurance and Expenses	-	-	-	-	-	33,371,391	1,606,653	1,821,442	-	-	4,825,020	12,218	-	-	41,636,724
<b>Total Current Assets</b>	<b>55,506,867</b>	<b>153,699,066</b>	<b>2,809,746</b>	<b>65,567,169</b>	<b>4,040,318</b>	<b>47,302,187</b>	<b>17,365,809</b>	<b>1,821,442</b>	<b>5,036,963</b>	<b>7,103,170</b>	<b>6,572,279</b>	<b>4,420,999</b>	<b>195,981</b>	<b>(44,908,374)</b>	<b>326,533,622</b>
<b>Noncurrent Assets:</b>															
Investments	28,716,571	111,036,158	1,221,408	48,163,692	2,904,764	-	11,576,207	-	3,699,706	4,884,784	925,484	3,213,199	-	-	216,341,973
Accounts Receivable															
Due from Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	5,833,788	22,557,061	248,130	9,784,483	590,104	-	2,351,713	250,000	751,598	992,347	188,013	652,763	-	(44,200,000)	-
Prepaid Insurance	-	-	-	-	-	36,599,422	-	-	-	-	-	-	-	-	36,599,422
Capital and Intangible Assets															
Land and Buildings (Net)	-	-	-	-	-	-	-	-	-	-	-	-	7,929,968	-	7,929,968
Office Furniture and Equipment (Net)	-	-	-	-	-	-	-	-	-	-	-	682,815	-	-	682,815
Lease Acquisition Costs (Net)	-	-	-	-	-	-	-	-	-	-	-	-	64,725	-	64,725
<b>Total Noncurrent Assets</b>	<b>34,550,359</b>	<b>133,593,219</b>	<b>1,469,538</b>	<b>57,948,175</b>	<b>3,494,868</b>	<b>36,599,422</b>	<b>13,927,920</b>	<b>250,000</b>	<b>4,451,304</b>	<b>5,877,131</b>	<b>1,113,497</b>	<b>4,548,777</b>	<b>7,994,693</b>	<b>(44,200,000)</b>	<b>261,618,903</b>
<b>Total Assets</b>	<b>\$ 90,057,226</b>	<b>\$ 287,292,285</b>	<b>\$ 4,279,284</b>	<b>\$ 123,515,344</b>	<b>\$ 7,535,186</b>	<b>\$ 83,901,609</b>	<b>\$ 31,293,729</b>	<b>\$ 2,071,442</b>	<b>\$ 9,488,267</b>	<b>\$ 12,980,301</b>	<b>\$ 7,685,776</b>	<b>\$ 8,969,776</b>	<b>\$ 8,190,674</b>	<b>\$ (89,108,374)</b>	<b>\$ 588,152,525</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>LIABILITIES:</b>															
<b>Current Liabilities:</b>															
Accounts Payable	\$ 679,225	\$ 63,515	\$ 30,509	\$ 7,625	\$ 33,443	\$ 89,575	\$ 176	\$ -	\$ 38,002	\$ 9,971	\$ 2,000,733	\$ 443,838	\$ 1,000	\$ -	\$ 3,397,612
Deposits from Insurance Companies	7,015,311	500,000	-	-	-	-	-	-	-	-	-	-	-	-	7,515,311
Due to Other Funds	-	11,099,827	-	-	-	32,875,727	-	503,989	-	-	-	-	429,275	(44,908,818)	-
Due To Members	7,522,039	1,185,644	834,242	3,000,000	-	242,772	-	-	8,065,769	-	81,261	-	-	-	20,931,727
Unearned Income	14,515	38,139	27,910	23,922	-	1,083,818	2,943,463	1,568,335	-	-	3,401,533	-	38,169	-	9,139,804
Claim Liabilities	10,000,000	22,000,000	443,239	20,000,000	7,376,714	9,818,039	5,000,000	-	-	2,150,000	-	-	-	-	76,787,992
Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	58,762	-	-	58,762
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>25,231,090</b>	<b>34,887,125</b>	<b>1,335,900</b>	<b>23,031,547</b>	<b>7,410,157</b>	<b>44,109,931</b>	<b>7,943,639</b>	<b>2,072,324</b>	<b>8,103,771</b>	<b>2,159,971</b>	<b>5,483,527</b>	<b>502,600</b>	<b>468,444</b>	<b>(44,908,818)</b>	<b>117,831,208</b>
<b>Noncurrent Liabilities:</b>															
Due to Other Funds	-	-	-	-	-	36,849,422	-	-	-	-	-	-	7,350,134	(44,199,556)	-
<b>Claim Liabilities:</b>															
Claims Reported	4,537,790	215,373,361	-	16,706,332	-	-	5,190,203	-	-	-	-	-	-	-	241,807,686
Claims Incurred But Not Reported	1,285,997	13,390,488	-	44,237,132	-	-	12,302,309	-	-	-	-	-	-	-	71,215,926
<b>Unallocated Loss Adjustment Expense Payable</b>															
Compensated Absences	23,072,254	10,785,386	158,041	2,014,986	430,002	76,166	1,497,783	-	-	-	-	-	-	-	38,034,618
Other Post Employment Benefits	-	-	-	-	-	-	-	-	-	-	-	235,050	-	-	235,050
	-	-	-	-	-	-	-	-	-	-	-	412,641	-	-	412,641
<b>Total Noncurrent Liabilities</b>	<b>28,896,041</b>	<b>239,549,235</b>	<b>158,041</b>	<b>62,958,450</b>	<b>430,002</b>	<b>36,925,588</b>	<b>18,990,295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647,691</b>	<b>7,350,134</b>	<b>(44,199,556)</b>	<b>351,705,921</b>
<b>Total Liabilities</b>	<b>54,127,131</b>	<b>274,436,360</b>	<b>1,493,941</b>	<b>85,989,997</b>	<b>7,840,159</b>	<b>81,035,519</b>	<b>26,933,934</b>	<b>2,072,324</b>	<b>8,103,771</b>	<b>2,159,971</b>	<b>5,483,527</b>	<b>1,150,291</b>	<b>7,818,578</b>	<b>(89,108,374)</b>	<b>469,537,129</b>
<b>NET POSITION:</b>															
Investment in Capital Assets	-	-	-	-	-	-	-	-	-	-	-	682,815	7,994,693	-	8,677,508
Unrestricted	35,930,095	12,855,925	2,785,343	37,525,347	(304,973)	2,866,090	4,359,795	(882)	1,384,496	10,820,330	2,202,249	7,136,670	(7,622,597)	-	109,937,888
<b>Total Net Position</b>	<b>\$ 35,930,095</b>	<b>\$ 12,855,925</b>	<b>\$ 2,785,343</b>	<b>\$ 37,525,347</b>	<b>\$ (304,973)</b>	<b>\$ 2,866,090</b>	<b>\$ 4,359,795</b>	<b>\$ (882)</b>	<b>\$ 1,384,496</b>	<b>\$ 10,820,330</b>	<b>\$ 2,202,249</b>	<b>\$ 7,819,485</b>	<b>\$ 372,096</b>	<b>\$ -</b>	<b>\$ 118,615,396</b>

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>OPERATING REVENUES:</b>															
Premiums for Transferred Risk	\$ 31,945,447	\$ 25,515,583	\$ 1,868,680	\$ 3,702,537	\$ 19,467,217	\$ 43,216,154	\$ 6,294,740	\$ 399,352	\$ 230,777,455	\$ -	\$ 21,320,628	\$ -	\$ -	\$ -	\$ 384,507,793
Broker Fees	1,209,773	2,032,342	58,209	587,327	270,466	30,000	3,833	-	2,248,700	941,955	-	-	-	-	7,382,605
Contributions for Retained Risk	20,586,635	36,736,748	-	25,113,042	-	10,572,624	5,399,315	-	-	30,845,595	-	-	-	-	129,253,959
Dividend Income	-	-	-	-	-	112,779	-	-	-	-	100,827	-	-	-	213,606
Member Services	-	-	-	-	-	-	-	-	-	-	-	640,078	-	-	640,078
Administration Fees	3,153,887	4,387,860	318,498	1,600,706	1,214,351	427,723	1,054,912	-	459,748	-	-	-	-	-	12,617,685
Public Entity Fees	154,038	173,643	2,505	43,668	34,189	72,115	193	-	-	-	-	-	-	-	480,351
Other Income	-	700	500	1,500	127,503	478,897	-	-	79,746	199,337	-	615,514	-	-	1,503,697
<b>Total Operating Revenues</b>	<b>57,049,780</b>	<b>68,846,876</b>	<b>2,248,392</b>	<b>31,048,780</b>	<b>21,113,726</b>	<b>54,910,292</b>	<b>12,752,993</b>	<b>399,352</b>	<b>233,565,649</b>	<b>31,986,887</b>	<b>21,421,455</b>	<b>1,255,592</b>	<b>-</b>	<b>-</b>	<b>536,599,774</b>
<b>OPERATING EXPENSES:</b>															
Member Dividends	6,500,000	-	550,000	3,000,000	-	112,779	-	-	17,695	-	100,827	-	-	-	10,281,301
Transferred Risk & Insurance Exp	33,191,697	25,364,059	1,868,680	3,619,817	19,242,091	43,425,949	6,292,646	399,352	229,034,466	-	21,320,387	-	-	-	383,759,144
Broker Fees	1,209,773	2,027,274	58,209	587,333	270,466	30,000	3,833	-	2,248,700	948,505	-	-	-	-	7,384,093
Provision for Claims:															
Current Year Claims	12,405,000	16,710,957	-	20,686,170	-	10,572,624	5,216,626	-	-	25,691,975	-	-	-	-	91,283,352
Prior Year Claims	(2,637,443)	10,280,908	(501,466)	(437,058)	633,357	-	1,239,115	-	-	-	-	-	-	-	8,577,413
Unallocated Loss Adjustment Expenses	(415,263)	449,322	201	(72,012)	20,605	61,715	(25,854)	-	-	-	-	-	-	-	18,714
Program Services	7,841,112	933,662	77,292	191,721	375,720	89,575	432,553	-	1,827,696	2,062,533	-	-	-	-	13,831,864
Member Services & Subsidies	-	-	-	-	-	-	-	-	-	-	-	2,192,839	-	-	2,192,839
General Administrative Services	-	-	-	-	-	-	-	-	-	-	-	7,702,622	-	-	7,702,622
Depreciation	-	-	-	-	-	-	-	-	-	-	-	146,538	130,885	-	277,423
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	151,947	-	151,947
<b>Total Operating Expenses</b>	<b>58,094,876</b>	<b>55,766,182</b>	<b>2,052,916</b>	<b>27,575,971</b>	<b>20,542,239</b>	<b>54,292,642</b>	<b>13,158,919</b>	<b>399,352</b>	<b>233,128,557</b>	<b>28,703,013</b>	<b>21,421,214</b>	<b>10,041,999</b>	<b>282,832</b>	<b>-</b>	<b>525,460,712</b>
										28,703,013					

**CSAC EXCESS INSURANCE AUTHORITY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>OPERATING TRANSFERS IN (OUT):</b>															
Administration															
Transfer In	-	-	-	-	-	-	-	-	-	-	-	7,511,100	-	(7,511,100)	-
Transfer Out	(1,429,672)	(2,699,623)	(484,163)	(1,129,789)	(804,420)	(264,842)	(354,202)	(19)	(256,770)	(71,643)	(15,957)	-	-	7,511,100	-
Loss Prevention Training															
Transfer In	-	-	-	-	-	-	-	-	-	-	-	1,901,838	-	(1,901,838)	-
Transfer Out	(415,020)	(587,931)	(47,633)	(347,678)	(171,331)	(231,674)	(77,716)	-	(17,823)	(5,032)	-	-	-	1,901,838	-
Rent Transfers	-	-	-	-	-	-	-	-	-	-	-	(429,275)	429,275	-	-
<b>Total Operating Transfers</b>	<b>(1,844,692)</b>	<b>(3,287,554)</b>	<b>(531,796)</b>	<b>(1,477,467)</b>	<b>(975,751)</b>	<b>(496,516)</b>	<b>(431,918)</b>	<b>(19)</b>	<b>(274,593)</b>	<b>(76,675)</b>	<b>(15,957)</b>	<b>8,983,663</b>	<b>429,275</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(2,889,788)</b>	<b>9,793,140</b>	<b>(336,320)</b>	<b>1,995,342</b>	<b>(404,264)</b>	<b>121,134</b>	<b>(837,844)</b>	<b>(19)</b>	<b>162,499</b>	<b>3,207,199</b>	<b>(15,716)</b>	<b>197,256</b>	<b>146,443</b>	<b>-</b>	<b>11,139,062</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>															
Investment Income	297,087	722,413	11,192	370,246	67,079	632	71,756	-	25,940	23,140	15,079	30,189	-	(60,085)	1,574,668
Financing Fees	22,373	8,825	-	-	-	427,738	-	-	-	-	1,378	-	-	(227,434)	232,880
Lease Income	-	-	-	-	-	-	-	-	-	-	-	-	487,378	-	487,378
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	(129,437)	-	(129,437)
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-	-	-	(216,425)	-	(216,425)
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(24,550)	-	-	(24,550)
Program Financing Expenses	-	-	-	-	-	(227,434)	-	(863)	-	-	-	-	(59,222)	287,519	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>319,460</b>	<b>731,238</b>	<b>11,192</b>	<b>370,246</b>	<b>67,079</b>	<b>200,936</b>	<b>71,756</b>	<b>(863)</b>	<b>25,940</b>	<b>23,140</b>	<b>16,457</b>	<b>5,639</b>	<b>82,294</b>	<b>-</b>	<b>1,924,514</b>
<b>Changes in Net Assets</b>	<b>(2,570,328)</b>	<b>10,524,378</b>	<b>(325,128)</b>	<b>2,365,588</b>	<b>(337,185)</b>	<b>322,070</b>	<b>(766,088)</b>	<b>(882)</b>	<b>188,439</b>	<b>3,230,339</b>	<b>741</b>	<b>202,895</b>	<b>228,737</b>	<b>-</b>	<b>13,063,576</b>
<b>Net Position:</b>															
Beginning of Year	38,500,423	2,331,547	3,110,471	35,159,759	32,212	2,544,020	5,125,883	-	1,196,057	7,589,991	2,201,508	7,616,590	143,359	-	105,551,820
<b>Net Position, End of Year</b>	<b>\$ 35,930,095</b>	<b>\$ 12,855,925</b>	<b>\$ 2,785,343</b>	<b>\$ 37,525,347</b>	<b>\$ (304,973)</b>	<b>\$ 2,866,090</b>	<b>\$ 4,359,795</b>	<b>\$ (882)</b>	<b>\$ 1,384,496</b>	<b>\$ 10,820,330</b>	<b>\$ 2,202,249</b>	<b>\$ 7,819,485</b>	<b>\$ 372,096</b>	<b>\$ -</b>	<b>\$ 118,615,396</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>															
Receipts from Members	\$ 58,135,947	\$ 68,600,764	\$ 1,614,001	\$ 31,073,796	\$ 20,908,528	\$ 53,742,118	\$ 12,805,242	\$ 1,967,687	\$ 233,546,242	\$ 31,787,605	\$ 22,222,869	\$ 1,065,867	\$ -	\$ -	\$ 537,470,666
Receipts from Others	(143,009)	1,601,295	224,823	-	98,790	478,897	-	-	-	-	100,827	200,106	5,789	-	2,567,518
Dividends Paid	(7,000,000)	-	(550,000)	-	-	(112,779)	-	-	(17,695)	-	(100,827)	-	-	-	(7,781,301)
Claims Paid	(10,251,848)	(20,623,395)	(144,349)	(25,051,855)	(9,907,656)	(10,537,606)	(3,222,147)	-	-	(25,782,263)	-	-	-	-	(105,521,119)
Insurance Purchased	(33,191,697)	(25,364,059)	(1,868,680)	(3,619,817)	(19,242,091)	(45,345,158)	(6,426,610)	(2,220,794)	(229,034,466)	-	(23,756,362)	-	-	-	(390,069,734)
Payments to Suppliers	(7,038,953)	(2,957,794)	(169,878)	(786,589)	(1,481,062)	(30,000)	(491,553)	-	(3,963,690)	(2,801,730)	-	(3,423,541)	(150,947)	-	(23,295,737)
Payments to Employees	-	-	-	-	-	-	-	-	-	-	-	(5,990,456)	-	-	(5,990,456)
Internal Activities	(3,223,768)	(4,869,603)	449,648	(2,174,365)	511,362	1,603,592	(729,947)	253,970	(305,899)	(508,549)	201,625	8,917,965	(126,031)	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(2,713,328)</b>	<b>16,387,208</b>	<b>(444,435)</b>	<b>(558,830)</b>	<b>(9,112,129)</b>	<b>(200,936)</b>	<b>1,934,985</b>	<b>863</b>	<b>224,492</b>	<b>2,695,063</b>	<b>(1,331,868)</b>	<b>769,941</b>	<b>(271,189)</b>	<b>-</b>	<b>7,379,837</b>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>															
Sale of Bldg, Furniture & Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	(322,651)	-	-	(322,651)
<b>NET CASH (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(322,651)</b>	<b>-</b>	<b>-</b>	<b>(322,651)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>															
Lease Receipts	-	-	-	-	-	-	-	-	-	-	-	-	478,027	-	478,027
Operating Lease Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	(129,438)	-	(129,438)
Purchase of Securities	(45,039,407)	(170,729,626)	(1,484,065)	(71,588,111)	(4,484,599)	-	(15,942,257)	-	(5,287,996)	(7,062,256)	(1,654,299)	(6,119,395)	-	-	(329,392,011)
Sales of Securities	36,607,125	134,425,222	1,871,086	62,112,935	11,253,238	-	12,037,884	-	4,351,691	3,881,989	2,529,716	5,064,525	-	-	274,135,411
Cash from Investment Earnings	1,640,858	5,646,972	84,592	2,682,838	517,841	632	516,524	-	187,668	158,501	113,093	212,934	-	(59,222)	11,703,231
Cash from Finance Fees	22,373	8,826	-	-	-	427,738	-	-	-	-	1,378	-	-	(228,297)	232,018
Finance Fees Paid	-	-	-	-	-	(227,434)	-	(863)	-	-	-	-	(59,222)	287,519	-
Investment Expenses	-	-	-	-	-	-	-	-	-	-	-	(24,550)	-	-	(24,550)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(6,769,051)</b>	<b>(30,648,606)</b>	<b>471,613</b>	<b>(6,792,338)</b>	<b>7,286,480</b>	<b>200,936</b>	<b>(3,387,849)</b>	<b>(863)</b>	<b>(748,637)</b>	<b>(3,021,766)</b>	<b>989,888</b>	<b>(866,486)</b>	<b>289,367</b>	<b>-</b>	<b>(42,997,312)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(9,482,379)</b>	<b>(14,261,398)</b>	<b>27,178</b>	<b>(7,351,168)</b>	<b>(1,825,649)</b>	<b>-</b>	<b>(1,452,864)</b>	<b>-</b>	<b>(524,145)</b>	<b>(326,703)</b>	<b>(341,980)</b>	<b>(419,196)</b>	<b>18,178</b>	<b>-</b>	<b>(35,940,126)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>18,453,855</b>	<b>34,865,021</b>	<b>970,286</b>	<b>16,288,316</b>	<b>2,364,650</b>	<b>-</b>	<b>3,600,919</b>	<b>-</b>	<b>1,210,654</b>	<b>1,233,113</b>	<b>513,711</b>	<b>1,015,730</b>	<b>177,803</b>	<b>-</b>	<b>80,694,058</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,971,476</b>	<b>\$ 20,603,623</b>	<b>\$ 997,464</b>	<b>\$ 8,937,148</b>	<b>\$ 539,001</b>	<b>\$ -</b>	<b>\$ 2,148,055</b>	<b>\$ -</b>	<b>\$ 686,509</b>	<b>\$ 906,410</b>	<b>\$ 171,731</b>	<b>\$ 596,534</b>	<b>\$ 195,981</b>	<b>\$ -</b>	<b>\$ 44,753,932</b>

**CSAC EXCESS INSURANCE AUTHORITY  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Primary Workers' Compensation	Excess Workers' Compensation	Primary General Liability	General Liability I	General Liability II	Property	Medical Malpractice	OCIP	EIAHealth	Dental Program	Miscellaneous Programs	General Administration	Iron Point Building	Elimination of Inter-Program Transactions	Totals June 30, 2013
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>															
Operating Income (Loss)	\$ (2,889,788)	\$ 9,793,140	\$ (336,320)	\$ 1,995,342	\$ (404,264)	\$ 121,134	\$ (837,844)	\$ (19)	\$ 162,499	\$ 3,207,199	\$ (15,716)	\$ 197,256	\$ 146,443	\$ -	\$ 11,139,062
Adjustments to reconcile operating income to net cash provided (used) by operating activities															
Depreciation	-	-	-	-	-	-	-	-	-	-	-	146,538	130,885	-	277,423
Changes in Assets and Liabilities															
Accts & Other Receivables, net	537,452	1,874,110	259,715	1,094	(50,497)	(1,076,953)	16,289	-	(405)	55	(318,552)	10,381	-	-	1,252,689
Due From or To Other Funds	(1,379,076)	(1,582,049)	981,444	(696,898)	1,487,113	2,100,108	(298,029)	253,989	(31,306)	(431,874)	217,582	(65,698)	(555,306)	-	-
Prepaid Insurance and Exps	-	-	-	-	-	(1,919,209)	(133,964)	(1,821,442)	-	-	(2,649,150)	(50)	-	-	(6,523,815)
Accounts and Other Payables	1,914,252	(522,133)	(701,254)	2,992,465	(834,876)	(224,903)	(55,167)	-	93,704	9,971	238,579	449,566	1,000	-	3,361,204
Unearned Income	3,386	6,348	(2,406)	23,922	(55,911)	702,154	35,960	1,568,335	-	-	1,195,389	-	5,789	-	3,482,966
Claim Liabilities	(484,291)	6,368,470	(645,815)	(4,802,743)	(9,274,299)	35,018	3,236,268	-	-	(90,288)	-	-	-	-	(5,657,680)
Unallocated Loss Adjustment Expense Payable	(415,263)	449,322	201	(72,012)	20,605	61,715	(28,528)	-	-	-	-	-	-	-	16,040
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	31,948	-	-	31,948
Capital Assets Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (2,713,328)</b>	<b>\$ 16,387,208</b>	<b>\$ (444,435)</b>	<b>\$ (558,830)</b>	<b>\$ (9,112,129)</b>	<b>\$ (200,936)</b>	<b>\$ 1,934,985</b>	<b>\$ 863</b>	<b>\$ 224,492</b>	<b>\$ 2,695,063</b>	<b>\$ (1,331,868)</b>	<b>\$ 769,941</b>	<b>\$ (271,189)</b>	<b>\$ -</b>	<b>\$ 7,379,837</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>															
Changes in unrealized gains (loss) on investments	\$ (1,245,869)	\$ (4,574,962)	\$ (63,680)	\$ (2,113,921)	\$ (382,987)	\$ -	\$ (409,692)	\$ -	\$ (148,103)	\$ (132,118)	\$ (86,095)	\$ (172,364)	\$ -	\$ -	\$ (9,329,791)

## **PRIMARY WORKERS' COMPENSATION**



## Primary Workers' Compensation

County Members: 12  
Public Entity Members: 26

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 3,642,893	\$ 9,251,390
Cash, EIA Treasury	<u>5,328,583</u>	<u>9,202,465</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	8,971,476	18,453,855
Investments	29,036,441	26,427,296
Accounts Receivable		
Due from Members	30,466	710,927
Investment Income Receivable	273,539	371,442
Reinsurance Claims	1,640,659	1,497,650
Due from Other Funds	<u>15,554,286</u>	<u>14,356,097</u>
<b>TOTAL CURRENT ASSETS</b>	<u>55,506,867</u>	<u>61,817,267</u>
Noncurrent Assets:		
Investments	28,716,571	24,139,302
Due from Other Funds	<u>5,833,788</u>	<u>5,652,901</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>34,550,359</u>	<u>29,792,203</u>
<b>TOTAL ASSETS</b>	<u>90,057,226</u>	<u>91,609,470</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	679,225	714,373
Dividends Payable to Members	6,500,000	7,000,000
Other Due to Members	1,022,039	619,719
Deposits from Insurance Companies	7,015,311	4,968,231
Deferred Income from Members	14,515	11,129
Workers' Compensation Claims	<u>10,000,000</u>	<u>10,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>25,231,090</u>	<u>23,313,452</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	4,537,790	2,007,606
Claims Incurred But Not Reported	1,285,997	4,300,472
Unallocated Loss Adjustment Expense Payable	<u>23,072,254</u>	<u>23,487,517</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>28,896,041</u>	<u>29,795,595</u>
<b>TOTAL LIABILITIES</b>	<u>54,127,131</u>	<u>53,109,047</u>
<b>NET POSITION:</b>		
Unrestricted	<u>35,930,095</u>	<u>38,500,423</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,930,095</u>	<u>\$ 38,500,423</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 31,945,447	\$ 30,139,420
Broker Fees	1,209,773	1,180,894
Contributions for Retained Risk	20,586,635	22,821,295
Administration Fees	3,153,887	2,306,208
Public Entity Fees	154,038	148,808
Other Income	-	5,521
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>57,049,780</b>	<b>56,602,146</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	6,500,000	7,000,000
Primary Workers' Compensation Insurance Premiums	33,191,697	30,197,453
Broker Fees	1,209,773	1,176,111
Provision for Claims		
Current Year Claims	12,405,000	12,862,000
Prior Years' Claims	(2,637,443)	1,540,611
Provision for Unallocated Loss Adjustment Expenses	(415,263)	(75,273)
Program Services		
Claims Administration Services	6,247,583	6,587,867
Actuarial and Consulting Services	113,514	155,300
Claims Audits	36,250	93,600
Managed Care Program Review	90,000	84,016
Bank Fees and Services	32,596	34,327
Web Based Claims System	44,400	105,114
Dept. of Industrial Relations Assessment	1,276,769	800,814
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>58,094,876</b>	<b>60,561,940</b>
	<hr/>	<hr/>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer in for TPA Conversion	-	-
Operating Transfer Out for General Administration	(1,429,672)	(1,335,811)
Operating Transfer Out for Loss Prevention	(415,020)	(577,256)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(1,844,692)</b>	<b>(1,913,067)</b>
	<hr/>	<hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,889,788)</b>	<b>(5,872,861)</b>
	<hr/>	<hr/>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	297,087	876,115
Member Financing Fees	22,373	39,304
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>319,460</b>	<b>915,419</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>(2,570,328)</b>	<b>(4,957,442)</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	38,500,423	43,457,865
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 35,930,095</b>	<b>\$ 38,500,423</b>
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The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 58,135,947	\$ 55,784,269
Receipts from Others	(143,009)	1,656,592
Dividends Paid	(7,000,000)	(7,641,109)
Claims Paid	(10,251,848)	(10,202,736)
Insurance Purchased	(33,191,697)	(30,197,453)
Payments to Suppliers	(7,038,953)	(5,383,144)
Internal Activities	(3,223,768)	(2,982,307)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,034,112</b>
	<u>(2,713,328)</u>	<u>1,034,112</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(45,039,407)	(39,374,413)
Sales of Securities	36,607,125	39,724,944
Cash from Investment Earnings	1,640,858	2,128,812
Finance Fees from Members	22,373	39,304
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>2,518,647</b>
	<u>(6,769,051)</u>	<u>2,518,647</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(9,482,379)</b>	<b>3,552,759</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>18,453,855</b>	<b>14,901,096</b>
	<u>18,453,855</u>	<u>14,901,096</u>
<b>END OF YEAR</b>	<b>\$ 8,971,476</b>	<b>\$ 18,453,855</b>
	<u>\$ 8,971,476</u>	<u>\$ 18,453,855</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (2,889,788)	\$ (5,872,861)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	537,452	1,679,589
Due From or To Other Funds	(1,379,076)	(1,069,240)
Deferred Income	3,386	11,129
Accounts and Other Payables	1,914,252	2,160,893
Claim Liabilities	(484,291)	4,199,875
Unallocated Loss Adjustment Expense Payable	(415,263)	(75,273)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,034,112</b>
	<u>(2,713,328)</u>	<u>1,034,112</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ (1,245,869)	\$ (1,241,380)
	<u>(1,245,869)</u>	<u>(1,241,380)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 39,795,595</u>	<u>\$ 35,670,993</u>
Incurred claims and claim adjustment expenses:		
Provision for claims		
current fiscal year	11,989,737	12,862,000
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(2,637,443)</u>	<u>1,465,338</u>
B. Total incurred claims and claim adjustment expenses	<u>9,352,294</u>	<u>14,327,338</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	5,631,790	5,988,250
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>4,620,058</u>	<u>4,214,486</u>
C. Total Payments	<u>10,251,848</u>	<u>10,202,736</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 38,896,041</u>	<u>\$ 39,795,595</u>
Current Claim Liabilities	\$ 10,000,000	\$ 10,000,000
Noncurrent Claim Liabilities	<u>28,896,041</u>	<u>29,795,595</u>
Total Claim Liabilities	<u>\$ 38,896,041</u>	<u>\$ 39,795,595</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

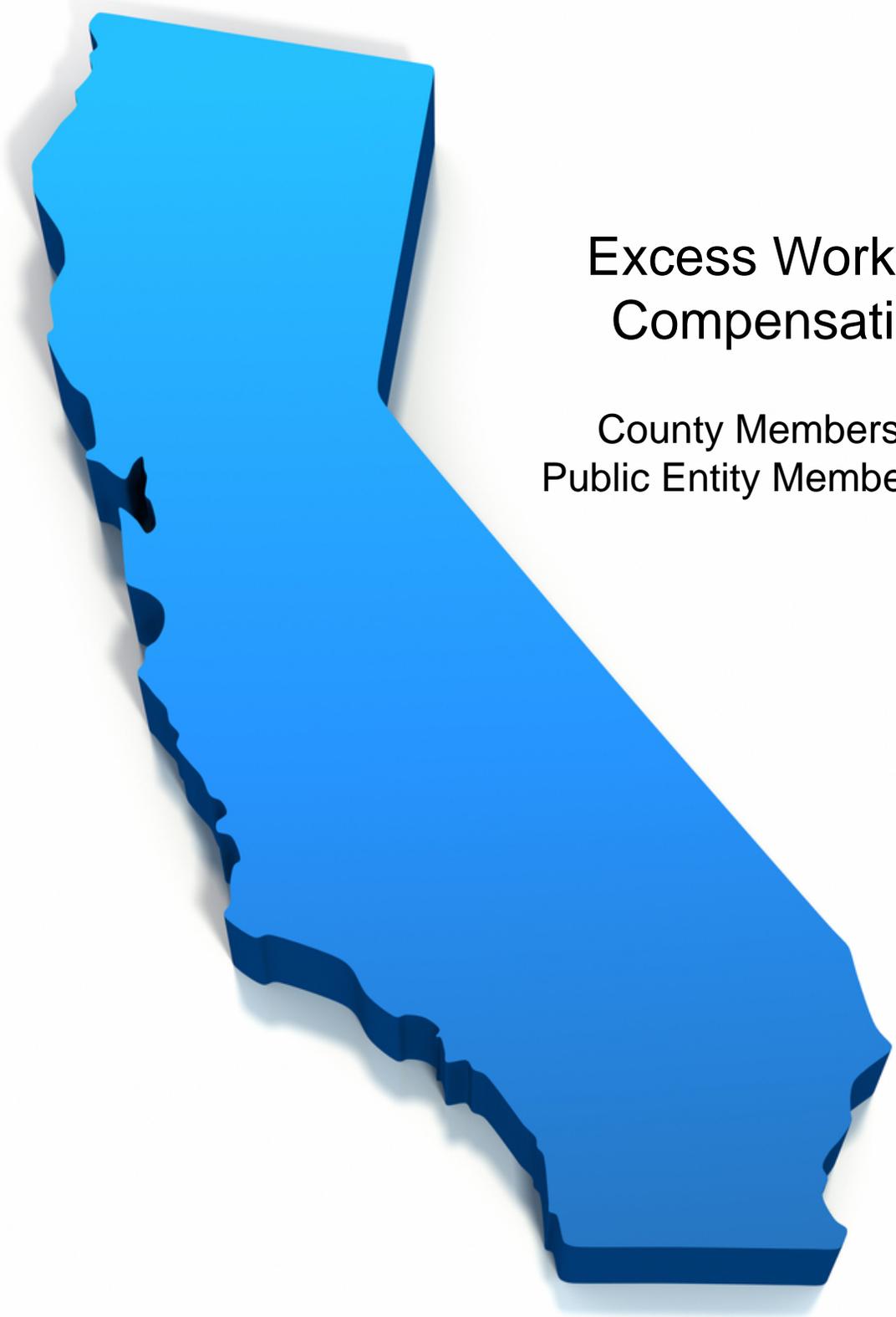
The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 62,631,010	\$ 67,015,031	\$ 58,793,345	\$ 46,235,265	\$ 47,629,119	\$ 48,372,518	\$ 45,039,062	\$ 53,048,120	\$ 54,860,361	\$ 54,776,488
Less Ceded Supplemental Assessments	5,081,313	-	-	-	-	-	-	-	-	-
Dividends Declared	-	18,500,000	18,500,000	-	-	-	-	-	-	-
Investment Earnings	11,052,597	13,094,793	7,362,426	5,307,593	5,955,628	3,160,153	726,610	582,469	225,476	151,332
<b>1. Total Revenues Available For Payment of Claims</b>	<b>78,764,920</b>	<b>98,609,824</b>	<b>84,655,771</b>	<b>51,542,858</b>	<b>53,584,747</b>	<b>51,532,671</b>	<b>20,814,344</b>	<b>24,729,766</b>	<b>23,761,584</b>	<b>21,621,455</b>
<b>2. Less Unallocated Loss Adjustment Expense</b>	<b>7,076,647</b>	<b>2,463,908</b>	<b>1,360,735</b>	<b>4,206,776</b>	<b>4,522,162</b>	<b>4,706,982</b>	<b>4,692,391</b>	<b>9,035,843</b>	<b>7,311,369</b>	<b>7,109,090</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>59,447,726</b>	<b>55,759,580</b>	<b>47,249,432</b>	<b>36,652,243</b>	<b>39,052,710</b>	<b>34,751,511</b>	<b>41,462,671</b>	<b>48,774,766</b>	<b>44,186,253</b>	<b>45,711,365</b>
Net Incurred Claims and Expenses, End of Policy Year	59,447,726	55,759,580	47,249,432	36,652,243	39,052,710	34,751,511	16,511,343	19,873,943	12,862,000	12,405,000
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	7,288,589	5,560,880	5,254,915	7,190,327	7,806,978	7,763,711	5,301,114	6,304,731	5,988,250	5,631,790
One Year Later	18,650,767	14,312,455	13,398,470	16,927,377	18,499,334	26,216,412	8,672,943	10,080,439	9,699,440	
Two Years Later	26,019,973	19,787,870	17,722,081	22,224,475	48,919,481	26,216,412	9,127,073	10,752,137		
Three Years Later	30,570,838	23,558,130	20,127,711	55,165,957	48,919,481	26,216,412	9,310,650			
Four Years Later	35,097,633	25,789,387	31,909,840	55,165,957	48,919,481	26,216,412				
Five Years Later	36,729,106	38,239,843	31,909,840	55,165,957	48,919,481					
Six Years Later	38,507,433	38,239,843	31,909,840	55,165,957						
Seven Years Later	61,551,841	38,239,843	31,909,840							
Eight Years Later	61,551,841	38,239,843								
Nine Years Later	61,551,841									
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,458,671)</b>	<b>(36,959,766)</b>	<b>(31,778,533)</b>	<b>(16,934,839)</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	59,447,726	55,759,580	50,364,408	36,652,243	39,052,710	34,751,511	11,268,365	12,299,892	12,862,000	12,405,000
One Year Later	58,033,953	50,600,336	31,220,564	40,968,782	44,407,005	26,216,412	10,203,556	12,700,000	11,441,000	
Two Years Later	61,551,841	37,082,786	30,304,725	39,855,170	48,919,481	26,216,412	11,868,000	11,815,000		
Three Years Later	61,551,841	33,355,157	29,652,293	55,165,957	48,919,481	26,216,412	11,004,000			
Four Years Later	61,551,841	33,160,320	31,909,840	55,165,957	48,919,481	26,216,412				
Five Years Later	61,551,841	38,239,843	31,909,840	55,165,957	48,919,481	-				
Six Years Later	61,551,841	38,239,843	31,909,840	55,165,957	-					
Seven Years Later	61,551,841	38,239,843	31,909,840	-						
Eight Years Later	61,551,841	38,239,843	-							
Nine Years Later	61,551,841	-								
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 2,104,115</b>	<b>\$ (17,519,737)</b>	<b>\$ (15,339,592)</b>	<b>\$ 18,513,714</b>	<b>\$ 9,866,771</b>	<b>\$ (8,535,099)</b>	<b>\$ (5,507,343)</b>	<b>\$ (8,058,943)</b>	<b>\$ (1,421,000)</b>	<b>\$ -</b>

From 2004-05 thru 2008-09 the loss portfolio was transferred, therefore, claims will no longer change in these years.

## **EXCESS WORKERS' COMPENSATION**



# Excess Workers' Compensation

County Members: 49  
Public Entity Members: 112

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 20,603,623	\$ 34,865,021
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	20,603,623	34,865,021
Investments	112,272,977	100,124,064
Accounts Receivable		
Due from Members	348,197	621,012
Investment Income Receivable	1,057,671	1,407,268
Reinsurance Claims	2,192,884	3,794,179
Due from Other Funds	17,223,714	15,853,589
<b>TOTAL CURRENT ASSETS</b>	<u>153,699,066</u>	<u>156,665,133</u>
Noncurrent Assets:		
Investments	111,036,158	91,455,630
Due from Other Funds	22,557,061	21,416,924
<b>TOTAL NONCURRENT ASSETS</b>	<u>133,593,219</u>	<u>112,872,554</u>
<b>TOTAL ASSETS</b>	<u>287,292,285</u>	<u>269,537,687</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	63,515	60,373
Deposits from Insurance Companies	500,000	500,000
Due to Members	1,185,644	1,710,919
Deferred Income from Members	38,139	31,791
Due to Other Funds	11,099,827	10,171,614
Workers' Compensation Claims	22,000,000	22,000,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>34,887,125</u>	<u>34,474,697</u>
Noncurrent Liabilities:		
Workers' Compensation Claims Liabilities		
Claims Reported	215,373,361	163,910,983
Claims Incurred But Not Reported	13,390,488	58,484,396
Unallocated Loss Adjustment Expense Payable	10,785,386	10,336,064
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>239,549,235</u>	<u>232,731,443</u>
<b>TOTAL LIABILITIES</b>	<u>274,436,360</u>	<u>267,206,140</u>
 <b>NET POSITION:</b>		
Unrestricted	12,855,925	2,331,547
<b>TOTAL NET POSITION</b>	<u>\$ 12,855,925</u>	<u>\$ 2,331,547</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 25,515,583	\$ 38,549,543
Broker Fees	2,032,342	1,946,947
Contributions for Retained Risk	36,736,748	17,757,677
Administration Fees	4,387,860	4,335,992
Public Entity Fees	173,643	157,416
Other Income	700	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>68,846,876</b>	<b>62,747,575</b>
<b>OPERATING EXPENSES:</b>		
Excess Workers' Compensation Insurance Premiums	25,364,059	38,635,206
Broker Fees	2,027,274	1,942,522
Provision for Claims		
Current Year Claims	16,710,957	9,095,972
Prior Years' Claims	10,280,908	13,526,986
Provision for Unallocated Loss Adjustment Expenses	449,322	(396,296)
Program Services		
Actuarial and Legal Services	437,961	312,888
Claims Audits	495,701	447,303
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>55,766,182</b>	<b>63,564,581</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(2,699,623)	(2,483,071)
Operating Transfer Out for Loss Prevention	(587,931)	(688,891)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(3,287,554)</b>	<b>(3,171,962)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>9,793,140</b>	<b>(3,988,968)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	722,413	2,357,697
Member Finance Fees	8,825	14,373
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>731,238</b>	<b>2,372,070</b>
<b>CHANGES IN NET POSITION</b>	<b>10,524,378</b>	<b>(1,616,898)</b>
Net Position, Beginning of Year	2,331,547	3,948,445
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,855,925</b>	<b>\$ 2,331,547</b>
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 68,600,764	\$ 65,183,324
Receipts from Others	1,601,295	(1,802,376)
Claims Paid	(20,623,395)	(24,313,651)
Insurance Purchased	(25,364,059)	(38,635,206)
Payments to Suppliers	(2,957,794)	(2,772,732)
Internal Activities	<u>(4,869,603)</u>	<u>2,529,929</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>16,387,208</u>	<u>189,288</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(170,729,626)	(146,021,547)
Sales of Securities	134,425,222	136,832,963
Cash from Investment Earnings	5,646,972	6,596,210
Finance Fees from Members	<u>8,826</u>	<u>14,373</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(30,648,606)</u>	<u>(2,578,001)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(14,261,398)	(2,388,713)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>34,865,021</u>	<u>37,253,734</u>
<b>END OF YEAR</b>	<u>\$ 20,603,623</u>	<u>\$ 34,865,021</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 9,793,140	\$ (3,988,968)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	1,874,110	628,449
Due From or To Other Funds	(1,582,049)	5,701,891
Accounts and Other Payables	(522,133)	(96,886)
Deferred Income	6,348	31,791
Claim Liabilities	6,368,470	(1,690,693)
Unallocated Loss Adjustment Expense Payable	<u>449,322</u>	<u>(396,296)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 16,387,208</u>	<u>\$ 189,288</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (4,574,962)</u>	<u>\$ (4,275,946)</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 254,731,443</u>	<u>\$ 256,818,432</u>
Incurring claims and claim adjustment expenses:		
Provision for claims		
Current fiscal year	17,160,279	8,699,676
Prior fiscal years	<u>10,280,908</u>	<u>13,526,986</u>
B. Total incurred claims and claim adjustment expenses	<u>27,441,187</u>	<u>22,226,662</u>
Payments Attributable to insured events of the		
Current fiscal year	38,785	23,688
Prior fiscal years:	<u>20,584,610</u>	<u>24,289,963</u>
C. Total Payments	<u>20,623,395</u>	<u>24,313,651</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 261,549,235</u>	<u>\$ 254,731,443</u>
Current Claim Liabilities	\$ 22,000,000	\$ 22,000,000
Noncurrent Claim Liabilities	<u>239,549,235</u>	<u>232,731,443</u>
Total Claim Liabilities	<u>\$ 261,549,235</u>	<u>\$ 254,731,443</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

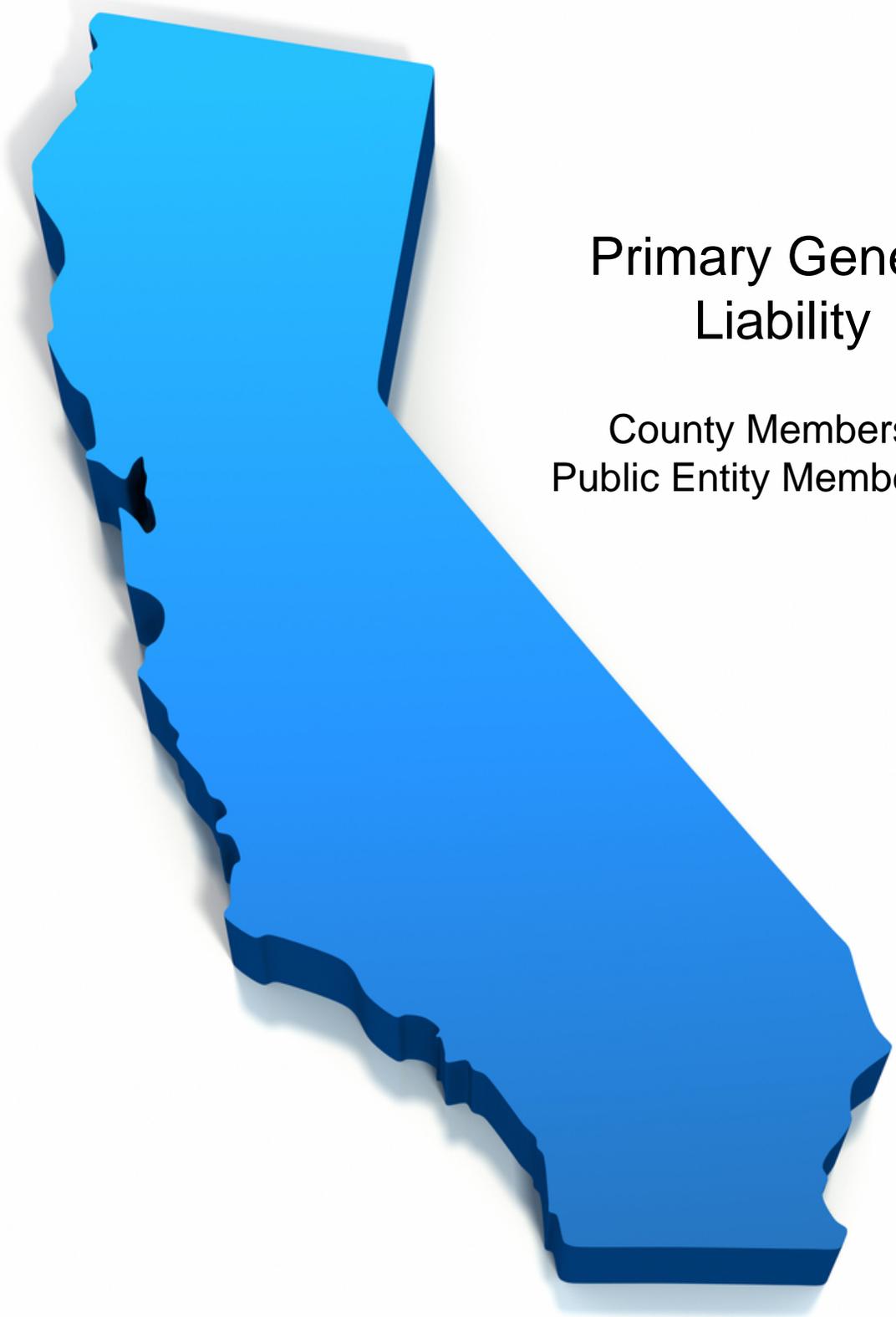
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
EXCESS WORKERS' COMPENSATION PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 47,496,770	\$ 59,989,589	\$ 61,714,023	\$ 63,726,804	\$ 62,477,689	\$ 52,184,473	\$ 48,146,826	\$ 52,740,463	\$ 56,601,782	\$ 64,743,843
Less Ceded	(16,752,829)	(16,316,467)	(19,925,812)	(20,451,452)	(22,040,208)	(32,694,500)	(29,508,521)	(33,932,092)	(38,700,636)	(26,470,050)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	8,342,588	11,871,670	9,697,422	8,136,786	5,666,738	1,651,045	1,220,516	560,530	215,426	111,673
1. Total Revenues Available For Payment of Claims	39,086,529	55,544,792	51,485,633	51,412,138	46,104,219	21,141,018	19,858,821	19,368,901	18,116,572	38,385,466
2. Unallocated Loss Adjustment Expense	1,137,029	781,212	772,619	1,058,996	1,195,905	827,191	782,019	710,090	378,418	686,677
3. Estimated Incurred Claims Less Ceded Claims	44,089,829 (16,752,829)	44,540,467 (16,316,467)	46,912,468 (19,925,812)	48,038,272 (20,451,452)	51,656,148 (22,040,208)	46,380,300 (32,694,500)	45,844,808 (29,508,521)	51,347,831 (33,932,092)	47,772,920 (38,700,636)	43,142,223 (26,470,050)
Net Incurred Claims and Expenses, End of Policy Year	27,337,000	28,224,000	26,986,656	27,586,820	29,615,940	13,685,800	16,336,287	17,415,739	9,072,284	16,672,173
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	61,440	-	-	80,573	-	43,862	23,688	38,785
One Year Later	385,425	19,472	968,776	1,500,771	149,378	253,852	106,437	230,188	329,202	-
Two Years Later	700,942	457,787	1,895,972	2,930,749	2,329,306	662,838	515,533	627,868	-	-
Three Years Later	2,198,087	964,894	3,603,057	4,609,582	3,806,626	5,131,474	1,281,938	-	-	-
Four Years Later	4,351,637	1,921,891	4,551,854	8,091,482	5,996,177	7,021,243	-	-	-	-
Five Years Later	6,881,447	2,636,394	6,186,031	10,871,389	8,591,259	-	-	-	-	-
Six Years Later	10,073,192	3,505,972	7,667,321	13,177,069	-	-	-	-	-	-
Seven Years Later	12,642,204	4,855,041	11,699,013	-	-	-	-	-	-	-
Eight Years Later	15,459,582	6,075,289	-	-	-	-	-	-	-	-
Nine Years Later	17,663,562	-	-	-	-	-	-	-	-	-
5. Reestimated Ceded Claims and Expenses	-	-	6,939,747	164,888	-	23,163,906	14,477,987	13,758,104	10,257,600	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year	27,337,000	28,224,000	26,986,656	27,586,820	29,615,940	13,685,800	14,575,340	17,415,739	9,072,284	16,672,173
One Year Later	26,032,000	25,617,052	32,672,718	29,842,070	28,351,050	20,519,114	16,902,842	18,075,962	9,517,002	-
Two Years Later	22,832,428	23,426,328	36,060,675	28,871,552	32,207,743	25,050,003	18,604,330	17,868,492	-	-
Three Years Later	24,988,811	24,021,574	34,774,900	37,566,684	34,698,516	27,689,168	20,268,964	-	-	-
Four Years Later	29,097,621	23,567,651	33,303,388	36,058,769	36,547,866	27,105,017	-	-	-	-
Five Years Later	33,344,532	25,591,580	31,067,050	39,070,613	37,627,214	-	-	-	-	-
Six Years Later	31,641,103	23,606,300	32,034,227	38,888,948	-	-	-	-	-	-
Seven Years Later	40,828,892	24,990,758	30,457,802	-	-	-	-	-	-	-
Eight Years Later	42,160,167	25,042,717	-	-	-	-	-	-	-	-
Nine Years Later	45,270,049	-	-	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ 17,933,049	\$ (3,181,283)	\$ 3,471,146	\$ 11,302,128	\$ 8,011,274	\$ 13,419,217	\$ 3,932,677	\$ 452,753	\$ 444,718	\$ -

**PRIMARY GENERAL LIABILITY**



## Primary General Liability

County Members: 5  
Public Entity Members: 18

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Banks	\$ 770,822	\$ 441,228
Cash, EIA Treasury	226,642	529,058
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	997,464	970,286
Investments	1,235,013	1,519,330
Accounts Receivable		
Due From Members	165,643	200,535
Investment Income Receivable	11,634	21,355
Reinsurance Claims	210,530	435,353
Due from Other Funds	189,462	1,094,045
<b>TOTAL CURRENT ASSETS</b>	2,809,746	4,240,904
Noncurrent Assets:		
Investments	1,221,408	1,387,791
Due from Other Funds	248,130	324,991
<b>TOTAL NONCURRENT ASSETS</b>	1,469,538	1,712,782
<b>TOTAL ASSETS</b>	4,279,284	5,953,686
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	30,509	64,886
Deferred Income	27,910	30,316
Due to Members	284,242	1,021,119
Dividends Payable to Members	550,000	480,000
Claim Liabilities	443,239	1,089,054
<b>TOTAL CURRENT LIABILITIES</b>	1,335,900	2,685,375
Noncurrent Liabilities:		
Unallocated Loss Adjustment Expense Payable	158,041	157,840
<b>TOTAL NONCURRENT LIABILITIES</b>	158,041	157,840
<b>TOTAL LIABILITIES</b>	1,493,941	2,843,215
<b>NET POSITION:</b>		
Unrestricted	2,785,343	3,110,471
<b>TOTAL NET POSITION</b>	\$ 2,785,343	\$ 3,110,471

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums For Transferred Risk	\$ 1,868,680	\$ 2,035,654
Broker Fees	58,209	61,251
Administration Fees	318,498	347,144
Public Entity Fees	2,505	2,905
Development Fees	-	350
Commutation of Claims and Other Income	500	2,225,000
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>2,248,392</b>	<b>4,672,304</b>
<b>OPERATING EXPENSES:</b>		
Dividends to Members and Return of Prior Assessment to Members	550,000	1,187,055
Primary Liability Insurance Premiums	1,868,680	2,035,654
Broker Fees	58,209	60,675
Provision for Claims		
Prior Years' Claims	(501,466)	1,577,920
Provision for Unallocated Loss Adjustment Expenses	201	(125,854)
Program Services		
Actuarial Services	69,871	59,479
Claims Audits	3,750	5,000
Bank Services and Fees	3,671	3,354
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>2,052,916</b>	<b>4,803,283</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(484,163)	(524,152)
Operating Transfer Out for Loss Prevention	(47,633)	(106,868)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(531,796)</b>	<b>(631,020)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(336,320)</b>	<b>(761,999)</b>
<b>NONOPERATING REVENUE (EXPENSES):</b>		
Investment Income	11,192	33,952
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>11,192</b>	<b>33,952</b>
<b>CHANGES IN NET POSITION</b>	<b>(325,128)</b>	<b>(728,047)</b>
Net Position, Beginning of Year	3,110,471	3,838,518
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,785,343</b>	<b>\$ 3,110,471</b>
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,614,001	\$ 3,776,649
Receipts from Others	224,823	2,338,007
Dividends Paid	(550,000)	(1,187,055)
Claims Paid	(144,349)	(494,777)
Insurance Purchased	(1,868,680)	(2,035,654)
Payments to Suppliers	(169,878)	(982,120)
Internal Activities	449,648	(891,520)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>523,530</b>
	<u>(444,435)</u>	<u>523,530</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,484,065)	(3,073,656)
Sales of Securities	1,871,086	1,835,285
Cash from Investment Earnings	84,592	82,616
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(1,155,755)</b>
	<u>471,613</u>	<u>(1,155,755)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>27,178</b>	<b>(632,225)</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>970,286</b>	<b>1,602,511</b>
	<u>970,286</u>	<u>1,602,511</u>
<b>END OF YEAR</b>	<b>\$ 997,464</b>	<b>\$ 970,286</b>
	<u>\$ 997,464</u>	<u>\$ 970,286</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (336,320)	\$ (761,999)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	259,715	208,829
Due From or To Other Funds	981,444	(260,500)
Accounts and Other Payables	(701,254)	349,596
Deferred Income	(2,406)	30,316
Claim Liabilities	(645,815)	1,083,142
Unallocated Loss Adjustment Expense Payable	201	(125,854)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 523,530</b>
	<u>(444,435)</u>	<u>523,530</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	\$ (63,680)	\$ (57,352)
	<u>(63,680)</u>	<u>(57,352)</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 1,246,894</u>	<u>\$ 289,605</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	201	(125,854)
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(501,466)</u>	<u>1,577,920</u>
B. Total incurred claims and claim adjustment expenses	<u>(501,265)</u>	<u>1,452,066</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>144,349</u>	<u>494,777</u>
C. Total Payments	<u>144,349</u>	<u>494,777</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 601,280</u>	<u>\$ 1,246,894</u>
Current Claim Liabilities	\$ 443,239	\$ 1,089,054
Noncurrent Claim Liabilities	<u>158,041</u>	<u>157,840</u>
Total Claim Liabilities	<u>\$ 601,280</u>	<u>\$ 1,246,894</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PRIMARY GENERAL LIABILITY PROGRAM  
SCHEDULE OF EARNED PREMIUM CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010*	June 30, 2011*	June 30, 2012*	June 30, 2013*
Insurance Premiums	\$ 3,142,062	\$ 3,673,214	\$ 3,390,100	\$ 2,910,577	\$ 3,300,530	\$ 3,880,521	\$ 2,127,964	\$ 1,888,464	\$ 2,035,654	\$ 1,868,680
Less Ceded	(1,600,717)	(3,014,070)	(2,642,496)	(2,478,758)	(2,368,037)	(2,627,972)	(2,127,964)	(1,888,464)	(2,035,652)	(1,868,680)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(111,078)	(110,000)	(110,000)	(110,000)	-	(443,156)	-	-	-	-
Investment Earnings	42,063	117,253	89,881	94,806	170,133	254,033	-	-	576	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>1,472,330</b>	<b>666,397</b>	<b>727,485</b>	<b>416,625</b>	<b>1,102,626</b>	<b>1,063,426</b>	<b>-</b>	<b>-</b>	<b>578</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>13,663</b>	<b>26,045</b>	<b>32,602</b>	<b>30,328</b>	<b>55,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>2,914,717</b>	<b>1,859,380</b>	<b>1,865,386</b>	<b>1,944,886</b>	<b>2,674,081</b>	<b>1,262,000</b>	<b>2,127,964</b>	<b>1,888,464</b>	<b>2,035,652</b>	<b>1,868,680</b>
Less Ceded Claims	(1,600,717)	(1,768,050)	(1,695,818)	(1,772,790)	(2,311,638)	(478,055)	(2,127,964)	(1,888,464)	(2,035,652)	(1,868,680)
Net Incurred Claims and Expenses, End of Policy Year	1,314,000	91,330	169,568	172,096	362,443	783,945	-	-	-	-
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	20,968	-	-	-	-	-	-	-	-	-
One Year Later	268,118	-	-	-	-	-	-	-	-	-
Two Years Later	781,086	-	-	-	-	-	-	-	-	-
Three Years Later	1,080,064	-	-	-	-	726,551	-	-	-	-
Four Years Later	1,244,756	-	-	-	2,474,714	774,908	-	-	-	-
Five Years Later	1,346,903	-	-	1,811,186	2,569,186	-	-	-	-	-
Six Years Later	1,431,043	-	1,722,638	1,811,226	-	-	-	-	-	-
Seven Years Later	1,433,188	1,781,591	1,723,108	-	-	-	-	-	-	-
Eight Years Later	1,430,675	1,804,736	-	-	-	-	-	-	-	-
Nine Years Later	1,430,680	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>1,768,050</b>	<b>1,695,818</b>	<b>1,772,790</b>	<b>2,311,638</b>	<b>478,055</b>	<b>2,204,670</b>	<b>1,518,449</b>	<b>1,194,942</b>	<b>168,891</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	1,314,000	-	-	-	-	-	-	-	-	-
One Year Later	1,482,818	-	-	-	-	-	-	-	-	-
Two Years Later	1,332,996	-	-	-	-	-	-	-	-	-
Three Years Later	1,252,564	-	-	-	-	783,945	-	-	-	-
Four Years Later	1,383,356	-	-	-	362,443	452,236	-	-	-	-
Five Years Later	2,451,906	-	-	172,096	342,604	-	-	-	-	-
Six Years Later	2,451,906	-	169,568	129,872	-	-	-	-	-	-
Seven Years Later	1,433,188	91,330	100,334	-	-	-	-	-	-	-
Eight Years Later	1,430,675	75,006	-	-	-	-	-	-	-	-
Nine Years Later	1,430,680	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 116,680</b>	<b>\$ (16,324)</b>	<b>\$ (69,234)</b>	<b>\$ (42,224)</b>	<b>\$ (19,839)</b>	<b>\$ (331,709)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>8. Net Assets</b>	<b>41,650</b>	<b>577,728</b>	<b>601,106</b>	<b>254,151</b>	<b>729,694</b>	<b>555,787</b>	<b>-</b>	<b>-</b>	<b>578</b>	<b>-</b>
	(111,078)	-	-	-	-	-	-	-	-	-

\* Fully Insured

**GENERAL LIABILITY I**



## General Liability I

County Members: 39  
Public Entity Members: 61

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 8,937,148	\$ 16,288,316
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>8,937,148</u>	<u>16,288,316</u>
Investments	48,700,181	46,776,178
Accounts Receivable		
Due from Members	-	1,094
Investment Income Receivable	458,781	657,452
Due From Other Funds	<u>7,471,059</u>	<u>7,406,514</u>
<b>TOTAL CURRENT ASSETS</b>	<u>65,567,169</u>	<u>71,129,554</u>
Noncurrent Assets:		
Investments	48,163,692	42,726,440
Due From Other Funds	<u>9,784,483</u>	<u>10,005,605</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>57,948,175</u>	<u>52,732,045</u>
<b>TOTAL ASSETS</b>	<u>123,515,344</u>	<u>123,861,599</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	7,625	15,160
Dividends Payable to Members	3,000,000	-
Due to Other Funds	-	853,475
Deferred Income from Members	23,922	-
Claims Liabilities	<u>20,000,000</u>	<u>16,000,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>23,031,547</u>	<u>16,868,635</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	16,706,332	31,953,426
Claims Incurred But Not Reported	44,237,132	37,792,781
Unallocated Loss Adjustment Expense Payable	<u>2,014,986</u>	<u>2,086,998</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>62,958,450</u>	<u>71,833,205</u>
<b>TOTAL LIABILITIES</b>	<u>85,989,997</u>	<u>88,701,840</u>
<b>NET POSITION:</b>		
Unrestricted	<u>37,525,347</u>	<u>35,159,759</u>
<b>TOTAL NET POSITION</b>	<u>\$ 37,525,347</u>	<u>\$ 35,159,759</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 3,702,537	\$ 3,745,830
Broker Fees	587,327	577,778
Contributions for Retained Risk	25,113,042	25,802,112
Administration Fees	1,600,706	1,412,347
Public Entity Fees	43,668	44,714
Other Income	1,500	1,500
<b>TOTAL OPERATING REVENUES</b>	<u>31,048,780</u>	<u>31,584,281</u>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	3,000,000	-
Excess Liability Insurance Premiums	3,619,817	3,594,508
Broker Fees	587,333	555,091
Provision for Claims		
Current Year Claims	20,686,170	22,293,407
Prior Years' Claims	(437,058)	(144,333)
Provision for Unallocated Loss Adjustment Expenses	(72,012)	96,095
Program Services		
Actuarial and Consulting Services	124,079	121,467
Legal Expenses	26,305	37,144
Claims Audits	41,337	38,933
<b>TOTAL OPERATING EXPENSES</b>	<u>27,575,971</u>	<u>26,592,312</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(1,129,789)	(1,025,694)
Operating Transfer Out for Loss Prevention	(347,678)	(359,655)
<b>TOTAL OPERATING TRANSFERS</b>	<u>(1,477,467)</u>	<u>(1,385,349)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,995,342</u>	<u>3,606,620</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	370,246	1,170,972
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>370,246</u>	<u>1,170,972</u>
<b>CHANGES IN NET POSITION</b>	2,365,588	4,777,592
Net Position, Beginning of Year	35,159,759	30,382,167
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 37,525,347</u></u>	<u><u>\$ 35,159,759</u></u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 31,073,796	\$ 32,498,534
Claims Paid	(25,051,855)	(14,829,781)
Insurance Purchased	(3,619,817)	(3,594,508)
Payments to Suppliers	(786,589)	(793,850)
Internal Activities	<u>(2,174,365)</u>	<u>(1,877,670)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(558,830)</u>	<u>11,402,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(71,588,111)	(77,651,607)
Sales of Securities	62,112,935	63,932,070
Cash from Investment Earnings	<u>2,682,838</u>	<u>3,082,144</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(6,792,338)</u>	<u>(10,637,393)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(7,351,168)	765,332
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>16,288,316</u>	<u>15,522,984</u>
<b>END OF YEAR</b>	<u><u>\$ 8,937,148</u></u>	<u><u>\$ 16,288,316</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,995,342	\$ 3,606,620
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	1,094	1,042,413
Due From or To Other Funds	(696,898)	(492,321)
Accounts and Other Payables	2,992,465	(169,375)
Deferred Income	23,922	-
Claim Liabilities	(4,802,743)	7,319,293
Unallocated Loss Adjustment Expense Payable	<u>(72,012)</u>	<u>96,095</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (558,830)</u></u>	<u><u>\$ 11,402,725</u></u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u><u>\$ (2,113,921)</u></u>	<u><u>\$ (1,997,838)</u></u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 87,833,205</u>	<u>\$ 80,417,817</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	20,614,158	22,389,502
Increase (Decrease) in the provision for claims of prior fiscal years	<u>(437,058)</u>	<u>(144,333)</u>
B. Total incurred claims and claim adjustment expenses	<u>20,177,100</u>	<u>22,245,169</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	241,064
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>25,051,855</u>	<u>14,588,717</u>
C. Total Payments	<u>25,051,855</u>	<u>14,829,781</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 82,958,450</u>	<u>\$ 87,833,205</u>
Current Claim Liabilities	\$ 20,000,000	\$ 16,000,000
Noncurrent Claim Liabilities	62,958,450	71,833,205
Total Claim Liabilities	<u>\$ 82,958,450</u>	<u>\$ 87,833,205</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY I PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	Sept. 30 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 15,909,273	\$ 20,697,278	\$ 27,739,091	\$ 18,831,951	\$ 26,940,406	\$ 30,993,979	\$ 32,772,965	\$ 31,958,996	\$ 29,597,496	\$ 28,876,119
Less Ceded	(1,452,279)	(1,774,144)	(1,970,174)	(2,510,249)	(2,052,476)	(2,013,394)	(2,381,428)	(2,742,959)	(3,745,830)	(3,702,537)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	663,535	4,125,426	3,828,011	2,615,975	3,580,342	3,002,423	2,338,784	919,808	322,647	77,429
<b>1. Total Revenues Available For Payment of Claims</b>	<b>15,120,529</b>	<b>23,048,560</b>	<b>29,596,928</b>	<b>18,937,677</b>	<b>28,468,272</b>	<b>31,983,008</b>	<b>32,730,321</b>	<b>30,135,845</b>	<b>26,174,313</b>	<b>25,251,011</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>26,933</b>	<b>20,879</b>	<b>69,177</b>	<b>26,213</b>	<b>89,943</b>	<b>173,845</b>	<b>170,908</b>	<b>424,351</b>	<b>487,832</b>	<b>513,028</b>
<b>3. Estimated Incurred Claims Less Ceded Claims</b>	<b>20,775,744</b>	<b>16,884,353</b>	<b>32,178,257</b>	<b>14,191,436</b>	<b>23,929,123</b>	<b>23,946,567</b>	<b>17,650,135</b>	<b>19,593,744</b>	<b>20,336,498</b>	<b>20,686,170</b>
Net Incurred Claims and Expenses, End of Policy Year	19,323,465	15,110,209	30,208,083	11,681,187	21,876,647	21,933,173	15,268,707	16,850,785	16,590,668	16,983,633
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	3,425,000	-	253,756	-	2,847	-	653,593	-	241,064	-
One Year Later	6,361,720	258,039	1,988,739	39,758	2,899,925	172,455	348,252	104,565	666,287	-
Two Years Later	7,413,913	1,465,760	9,206,329	5,524,791	7,975,068	4,894,740	2,389,423	2,483,193	-	-
Three Years Later	10,069,682	6,380,972	15,039,833	8,404,439	15,431,317	9,708,129	10,758,833	-	-	-
Four Years Later	15,667,897	8,000,860	20,656,595	11,379,531	18,156,840	16,936,818	-	-	-	-
Five Years Later	18,523,052	13,697,014	22,690,663	12,657,464	20,302,454	-	-	-	-	-
Six Years Later	19,659,826	14,827,986	25,610,958	13,134,501	-	-	-	-	-	-
Seven Years Later	19,681,951	15,333,686	29,388,908	-	-	-	-	-	-	-
Eight Years Later	19,697,724	16,042,474	-	-	-	-	-	-	-	-
Nine Years Later	19,689,744	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>-</b>	<b>2,521,949</b>	<b>29,119</b>	<b>-</b>	<b>1,025,000</b>	<b>602,767</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	11,897,600	13,539,140	14,621,900	9,060,956	17,706,703	19,883,870	23,325,840	20,293,283	22,293,408	20,686,170
One Year Later	15,484,484	12,571,700	22,854,487	10,508,940	19,125,703	25,729,463	17,577,212	21,106,865	20,336,498	-
Two Years Later	16,605,871	13,477,743	21,048,207	11,739,972	17,506,533	21,620,740	18,211,819	19,593,744	-	-
Three Years Later	16,673,500	12,223,383	28,697,653	13,803,748	25,395,916	23,001,488	17,650,135	-	-	-
Four Years Later	19,917,950	12,051,845	28,822,601	15,616,582	23,429,414	23,946,567	-	-	-	-
Five Years Later	20,277,321	15,366,909	31,330,377	14,464,385	23,929,123	-	-	-	-	-
Six Years Later	20,364,548	16,281,190	31,329,567	14,191,436	-	-	-	-	-	-
Seven Years Later	19,781,944	16,324,292	32,178,257	-	-	-	-	-	-	-
Eight Years Later	19,801,579	16,884,353	-	-	-	-	-	-	-	-
Nine Years Later	20,775,744	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ 1,452,279</b>	<b>\$ 1,774,144</b>	<b>\$ 1,970,174</b>	<b>\$ 2,510,249</b>	<b>\$ 2,052,476</b>	<b>\$ 2,013,394</b>	<b>\$ 2,381,428</b>	<b>\$ 2,742,959</b>	<b>\$ 3,745,830</b>	<b>\$ 3,702,537</b>

## **GENERAL LIABILITY II**



## General Liability II

County Members: 8  
Public Entity Members: 3

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 539,001	\$ 2,364,650
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	539,001	2,364,650
Investments	2,937,119	6,790,714
Accounts Receivable		
Due From Members	21,784	-
Investment Income Receivable	27,670	95,445
Reinsurance Claims	64,163	35,450
Due from Other Funds	450,581	1,075,238
<b>TOTAL CURRENT ASSETS</b>	<u>4,040,318</u>	<u>10,361,497</u>
Noncurrent Assets:		
Investments	2,904,764	6,202,795
Due from Other Funds	590,104	1,452,560
<b>TOTAL NONCURRENT ASSETS</b>	<u>3,494,868</u>	<u>7,655,355</u>
<b>TOTAL ASSETS</b>	<u>7,535,186</u>	<u>18,016,852</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	33,443	868,319
Deferred Income From Members	-	55,911
Claim Liabilities	7,376,714	8,200,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,410,157</u>	<u>9,124,230</u>
Noncurrent Liabilities:		
Claim Liabilities		
Claims Incurred But Not Reported	-	8,451,013
Unallocated Loss Adjustment Expense Payable	430,002	409,397
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>430,002</u>	<u>8,860,410</u>
<b>TOTAL LIABILITIES</b>	<u>7,840,159</u>	<u>17,984,640</u>
<b>NET POSITION:</b>		
Unrestricted	(304,973)	32,212
<b>TOTAL NET POSITION</b>	<u>\$ (304,973)</u>	<u>\$ 32,212</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 19,467,217	\$ 18,075,370
Broker Fees	270,466	258,004
Administration Fees	1,214,351	1,072,509
Public Entity Fees	34,189	32,212
Other Income	127,503	408,258
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>21,113,726</b>	<b>19,846,353</b>
<b>OPERATING EXPENSES:</b>		
General Liability II Insurance Premiums	19,242,091	17,867,779
Broker Fees	270,466	258,004
Provision for Claims		
Prior Years' Claims	633,357	357,577
Provision for Unallocated Loss Adjustment Expenses	20,605	56,826
Program Services		
Consulting and Legal Services	357,315	482,969
Actuarial Studies	12,405	18,000
Claim Audits	6,000	9,750
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>20,542,239</b>	<b>19,050,905</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(804,420)	(818,097)
Operating Transfer Out for Loss Prevention	(171,331)	(162,581)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(975,751)</b>	<b>(980,678)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(404,264)</b>	<b>(185,230)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	67,079	183,288
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>67,079</b>	<b>183,288</b>
<b>CHANGES IN NET POSITION</b>	<b>(337,185)</b>	<b>(1,942)</b>
Net Position, Beginning of Year	32,212	34,154
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (304,973)</b>	<b>\$ 32,212</b>
	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 20,908,528	\$ 19,726,396
Receipts from Others	98,790	1,627,150
Claims Paid	(9,907,656)	(7,146,356)
Insurance Purchased	(19,242,091)	(17,867,779)
Payments to Suppliers	(1,481,062)	(2,222,663)
Internal Activities	511,362	244,746
	<u>                    </u>	<u>                    </u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(9,112,129)</u>	<u>(5,638,506)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(4,484,599)	(5,989,051)
Sales of Securities	11,253,238	10,007,064
Cash from Investment Earnings	517,841	527,690
	<u>                    </u>	<u>                    </u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>7,286,480</u>	<u>4,545,703</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(1,825,649)</u>	<u>(1,092,803)</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	<u>2,364,650</u>	<u>3,457,453</u>
<b>END OF YEAR</b>	<u>\$ 539,001</u>	<u>\$ 2,364,650</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (404,264)	\$ (185,230)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(50,497)	1,451,282
Due From Other Funds	1,487,113	1,225,424
Accounts and Other Payables	(834,876)	(1,453,940)
Deferred Income	(55,911)	55,911
Due to Insurance Carriers	-	-
Claim Liabilities	(9,274,299)	(6,788,779)
Unallocated Loss Adjustment Expense Payable	20,605	56,826
	<u>                    </u>	<u>                    </u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (9,112,129)</u>	<u>\$ (5,638,506)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (382,987)</u>	<u>\$ (312,715)</u>

The notes to the financial statements  
are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 17,060,410</u>	<u>\$ 23,792,363</u>
Incurring claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	20,605	56,826
Increase (Decrease) in the provision for claims of prior fiscal years	<u>633,357</u>	<u>357,577</u>
B. Total incurred claims and claim adjustment expenses	<u>653,962</u>	<u>414,403</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>9,907,656</u>	<u>7,146,356</u>
C. Total Payments	<u>9,907,656</u>	<u>7,146,356</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 7,806,716</u>	<u>\$ 17,060,410</u>
Current Claim Liabilities	\$ 7,376,714	\$ 8,200,000
Noncurrent Claim Liabilities	<u>430,002</u>	<u>8,860,410</u>
Total Claim Liabilities	<u>\$ 7,806,716</u>	<u>\$ 17,060,410</u>

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL LIABILITY II PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012*	June 30, 2013*
Earned Premiums	\$ 7,921,698	\$ 8,008,500	\$ 12,065,869	\$ 13,353,917	\$ 17,300,000	\$ 18,463,239	\$ 21,085,943	\$ 19,925,721	\$ 18,075,370	\$ 19,467,217
Less Ceded	(7,921,698)	(8,008,500)	(12,065,869)	(10,745,015)	(11,300,000)	(10,395,543)	(14,186,489)	(11,346,921)	(18,075,370)	(19,467,217)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	1,172,759	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,608,902</b>	<b>6,000,000</b>	<b>8,067,696</b>	<b>8,072,213</b>	<b>8,578,800</b>	<b>-</b>	<b>-</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,761</b>	<b>111,652</b>	<b>124,158</b>	<b>56,826</b>	<b>20,605</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>7,921,698 (7,921,698)</b>	<b>8,008,500 (8,008,500)</b>	<b>12,065,869 (12,065,869)</b>	<b>13,535,916 (10,927,014)</b>	<b>17,300,000 (11,300,000)</b>	<b>18,463,239 (10,395,543)</b>	<b>21,085,943 (14,186,489)</b>	<b>19,925,721 (11,346,921)</b>	<b>18,075,370 (18,075,370)</b>	<b>19,467,217 (19,467,217)</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	9,445	897,884	-	-	-	-	-
Two Years Later	-	-	-	16,095	3,247,624	921,340	-	5,250,000	-	-
Three Years Later	-	-	-	2,608,902	6,000,000	8,067,696	4,657,656	-	-	-
Four Years Later	-	-	-	2,608,903	6,000,000	8,067,696	-	-	-	-
Five Years Later	-	-	-	2,608,903	6,000,000	-	-	-	-	-
Six Years Later	-	-	-	2,608,903	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>86,202,418</b>	<b>29,460,621</b>	<b>29,374,592</b>	<b>5,112,953</b>	<b>16,252,905</b>	<b>3,791,502</b>	<b>3,104,029</b>	<b>-</b>	<b>30,926,500</b>	<b>1,045,000</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	-	-	-	2,608,902	6,000,000	8,067,696	6,899,454	8,578,800	-	-
One Year Later	-	-	-	2,608,902	6,000,000	8,067,696	7,834,960	8,578,800	-	-
Two Years Later	-	-	-	2,608,902	6,000,000	8,067,696	8,072,213	8,578,800	-	-
Three Years Later	-	-	-	2,608,902	6,000,000	8,067,696	8,705,570	-	-	-
Four Years Later	-	-	-	2,608,902	6,000,000	8,067,696	-	-	-	-
Five Years Later	-	-	-	2,608,902	6,000,000	-	-	-	-	-
Six Years Later	-	-	-	2,608,902	-	-	-	-	-	-
Seven Years Later	-	-	-	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,806,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Fully Insured

## PROPERTY



# Property

County Members: 53  
Public Entity Members: 29

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Accounts Receivable		
Due from Members	13,680,796	12,603,843
Prepaid Insurance	33,371,391	32,451,604
Due from Other Funds	250,000	-
<b>TOTAL CURRENT ASSETS</b>	<u>47,302,187</u>	<u>45,055,447</u>
Noncurrent Assets:		
Prepaid Insurance	36,599,422	35,600,000
<b>TOTAL NONCURRENT ASSETS</b>	<u>36,599,422</u>	<u>35,600,000</u>
<b>TOTAL ASSETS</b>	<u>83,901,609</u>	<u>80,655,447</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	89,575	-
Due to Other Funds	32,875,727	31,775,041
Due to Members	242,772	557,250
Deferred Income	1,083,818	381,664
Claim Liabilities		
Aggregate Deductible Pool	9,818,039	9,783,021
<b>TOTAL CURRENT LIABILITIES</b>	<u>44,109,931</u>	<u>42,496,976</u>
Noncurrent Liabilities:		
Due to Other Funds	36,849,422	35,600,000
Unallocated Loss Adjustment Expense Payable	76,166	14,451
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>36,925,588</u>	<u>35,614,451</u>
<b>TOTAL LIABILITIES</b>	<u>81,035,519</u>	<u>78,111,427</u>
<b>NET POSITION:</b>		
Unrestricted	2,866,090	2,544,020
<b>TOTAL NET POSITION</b>	<u>\$ 2,866,090</u>	<u>\$ 2,544,020</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 43,216,154	\$ 40,497,951
Broker Fees	30,000	-
Reinsurance Dividends	112,779	64,141
Contributions for Retained Risk	10,572,624	9,822,473
Administration Fees	427,723	605,795
Public Entity Fees	72,115	70,380
Other Income	478,897	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>54,910,292</b>	<b>51,060,740</b>
<b>OPERATING EXPENSES:</b>		
Dividends to Members	112,779	64,141
Property Insurance Premiums	43,425,949	40,690,278
Broker Fees	30,000	-
Provision for Claims		
Aggregate Deductible Pool	10,572,624	9,822,473
Provision for Unallocated Loss Adjustment Expenses	61,715	(64,168)
Program Services		
Property Appraisals and Consulting	89,575	25,225
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>54,292,642</b>	<b>50,537,949</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(264,842)	(302,710)
Operating Transfer Out for Loss Prevention	(231,674)	(197,963)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(496,516)</b>	<b>(500,673)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>121,134</b>	<b>22,118</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	632	-
Member Financing Fees	427,738	499,136
Program Financing Expense	(227,434)	(495,173)
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>200,936</b>	<b>3,963</b>
<b>CHANGES IN NET POSITION</b>	<b>322,070</b>	<b>26,081</b>
Net Position, Beginning of Year	<hr/>	<hr/>
	2,544,020	2,517,939
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,866,090</b>	<b>\$ 2,544,020</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 53,742,118	\$ 50,618,119
Receipts from Others	478,897	-
Dividends Paid	(112,779)	(64,141)
Claims Paid	(10,537,606)	(1,744,297)
Insurance Purchased	(45,345,158)	(42,920,893)
Payments to Suppliers	(30,000)	(60,450)
Internal Activities	<u>1,603,592</u>	<u>(5,832,301)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(200,936)</u>	<u>(3,963)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash from Investment Earnings	632	-
Member Financing Fees	427,738	499,136
Program Financing Expenses	<u>(227,434)</u>	<u>(495,173)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>200,936</u>	<u>3,963</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 121,134	\$ 22,118
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(1,076,953)	(649,568)
Due From or To Other Funds	2,100,108	(5,331,628)
Prepaid Insurance	(1,919,209)	(2,230,615)
Accounts and Other Payables	(224,903)	(206,919)
Deferred Income	702,154	378,641
Claim Liabilities	35,018	8,078,175
Unallocated Loss Adjustment Expense Payable	<u>61,715</u>	<u>(64,167)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (200,936)</u>	<u>\$ (3,963)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 9,797,472</u>	<u>\$ 1,783,464</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>10,634,339</u>	<u>9,758,305</u>
B. Total incurred claims and claim adjustment expenses	<u>10,634,339</u>	<u>9,758,305</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	8,793,309	-
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>1,744,297</u>	<u>1,744,297</u>
C. Total Payments	<u>10,537,606</u>	<u>1,744,297</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 9,894,205</u>	<u>\$ 9,797,472</u>
Current Claim Liabilities	\$ 9,818,039	\$ 9,783,021
Noncurrent Claim Liabilities	76,166	14,451
Total Claim Liabilities	<u>\$ 9,894,205</u>	<u>\$ 9,797,472</u>

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

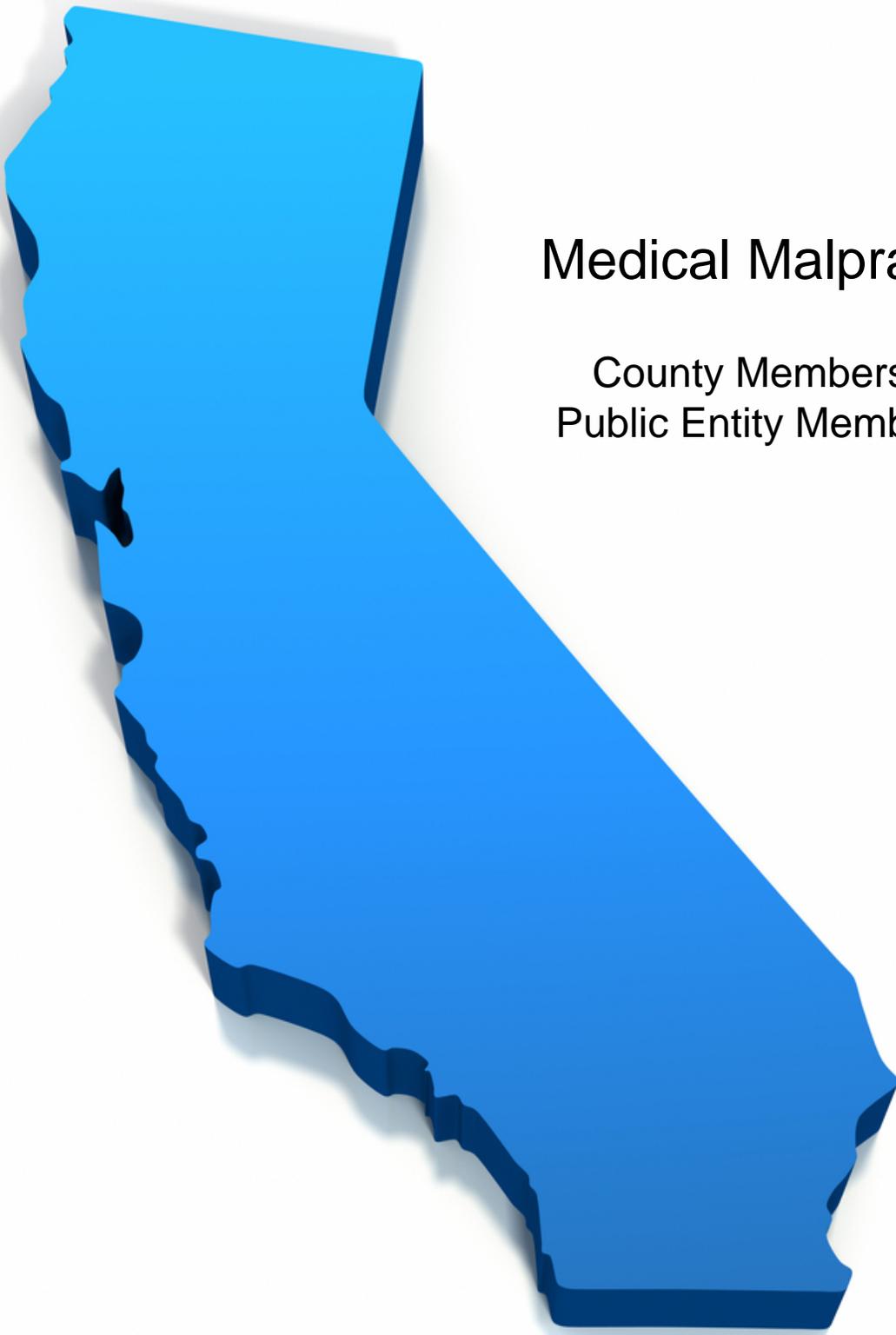
As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
PROPERTY PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 33,368,974	\$ 36,208,713	\$ 35,652,060	\$ 42,921,015	\$ 53,388,051	\$ 39,389,017	\$ 50,550,830	\$ 48,970,337	\$ 50,320,424	\$ 53,788,778
Less Ceded	(30,603,877)	(28,827,724)	(28,630,965)	(36,303,667)	(40,515,154)	(37,135,310)	(40,061,693)	(39,415,254)	(40,497,951)	(43,216,154)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
<b>1. Total Revenues Available For Payment of Claims</b>	<b>2,765,097</b>	<b>7,380,989</b>	<b>7,021,095</b>	<b>6,617,348</b>	<b>12,872,897</b>	<b>2,253,707</b>	<b>10,489,137</b>	<b>9,555,083</b>	<b>9,822,473</b>	<b>10,572,624</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>-</b>	<b>78,618</b>	<b>(64,168)</b>	<b>61,715</b>						
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>33,446,708 (30,603,877)</b>	<b>36,194,683 (28,827,724)</b>	<b>35,632,642 (28,630,965)</b>	<b>42,892,848 (36,303,667)</b>	<b>53,339,625 (40,515,154)</b>	<b>39,149,125 (29,149,125)</b>	<b>50,061,693 (40,061,693)</b>	<b>48,415,254 (39,415,254)</b>	<b>50,497,951 (40,497,951)</b>	<b>53,215,154 (43,216,154)</b>
	<b>2,842,831</b>	<b>7,366,959</b>	<b>7,001,677</b>	<b>6,589,181</b>	<b>12,824,471</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>9,000,000</b>	<b>10,000,000</b>	<b>9,999,000</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	679,281	1,479,675	4,491,799	1,997,597	4,114,386	-	-	354,341	-	58,785
One Year Later	2,842,831	3,699,503	7,001,677	6,589,181	12,770,820	4,949,559	9,000,000	2,098,639	3,795,372	
Two Years Later	2,842,831	6,678,309	7,001,411	6,589,181	13,847,744	2,013,815	10,489,137	7,782,088		
Three Years Later	2,842,831	7,366,959	7,001,411	6,589,181	12,824,471	2,013,815	10,000,000			
Four Years Later	2,842,831	7,366,959	7,001,411	6,589,181	12,824,471	10,000,000				
Five Years Later	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471					
Six Years Later	2,842,831	7,366,959	7,001,677	6,589,181						
Seven Years Later	2,842,831	7,366,959	7,001,677							
Eight Years Later	2,842,831	7,366,959								
Nine Years Later	2,842,831									
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>24,859,499</b>	<b>6,459,551</b>	<b>12,991,722</b>	<b>4,557,487</b>	<b>23,114,011</b>	<b>8,905,816</b>	<b>1,881,925</b>	<b>55,687,083</b>	<b>590,510</b>	<b>5,766,924</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471	2,013,815	1,504,104	2,059,187	9,822,473	10,000,000
One Year Later	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471	2,013,815	1,504,104	9,000,000	10,000,000	
Two Years Later	2,842,831	7,366,959	7,001,677	6,588,915	12,824,471	2,013,815	10,000,000	9,000,000		
Three Years Later	2,842,831	7,366,959	7,001,677	6,588,915	12,824,471	10,000,000	10,000,000			
Four Years Later	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471	10,000,000				
Five Years Later	2,842,831	7,366,959	7,001,677	6,589,181	12,824,471					
Six Years Later	2,842,831	7,366,959	7,001,677	6,589,181						
Seven Years Later	2,842,831	7,366,959	7,001,677							
Eight Years Later	2,842,831	7,366,959								
Nine Years Later	2,842,831									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ -</b>	<b>\$ 1,000</b>								

## **MEDICAL MALPRACTICE**



## Medical Malpractice

County Members: 46  
Public Entity Members: 4

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 2,148,055	\$ 3,600,919
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>2,148,055</u>	<u>3,600,919</u>
Investments	11,705,153	10,340,985
Accounts Receivable		
Due from Members	-	16,289
Investment Income Receivable	110,269	145,345
Due from Other Funds	1,795,679	1,637,386
Prepaid Insurance	1,606,653	1,472,689
<b>TOTAL CURRENT ASSETS</b>	<u>17,365,809</u>	<u>17,213,613</u>
Noncurrent Assets:		
Investments	11,576,207	9,445,694
Due from Other Funds	2,351,713	2,211,977
<b>TOTAL NONCURRENT ASSETS</b>	<u>13,927,920</u>	<u>11,657,671</u>
<b>TOTAL ASSETS</b>	<u>31,293,729</u>	<u>28,871,284</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	176	55,343
Unearned Income	2,943,463	2,907,503
Claim Liabilities	5,000,000	4,750,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>7,943,639</u>	<u>7,712,846</u>
Noncurrent Liabilities:		
Claims Liabilities		
Claims Reported	5,190,203	4,750,431
Claims Incurred But Not Reported	12,302,309	9,755,813
Unallocated Loss Adjustment Expense Payables	1,497,783	1,526,311
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>18,990,295</u>	<u>16,032,555</u>
<b>TOTAL LIABILITIES</b>	<u>26,933,934</u>	<u>23,745,401</u>
<b>NET POSITION:</b>		
Unrestricted	4,359,795	5,125,883
<b>TOTAL NET POSITION</b>	<u>\$ 4,359,795</u>	<u>\$ 5,125,883</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 6,294,740	\$ 5,905,259
Broker Fees	3,833	2,823
Contributions for Retained Risk	5,399,315	4,269,518
Administration Fees	1,054,912	849,013
Public Entity Fees	193	142
Development Fees	-	1,700
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>12,752,993</b>	<b>11,028,455</b>
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	-	2,000,000
Medical Malpractice Insurance Premiums	6,292,646	5,899,063
Broker Fees	3,833	2,823
Provision for Claims		
Current Year Claims	5,216,626	5,188,335
Prior Years' Claims	1,239,115	1,926,900
Provision for Unallocated Loss Adjustment Expenses	(25,854)	83,964
Program Services:		
Actuarial and Consulting Services	64,126	31,315
Claim Administration Services	357,177	311,368
Loss Prevention Training	11,250	17,252
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>13,158,919</b>	<b>15,461,020</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(354,202)	(323,581)
Operating Transfer Out for Loss Prevention	(77,716)	(80,347)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(431,918)</b>	<b>(403,928)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(837,844)</b>	<b>(4,836,493)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	71,756	284,068
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUE (EXPENSE)</b>	<b>71,756</b>	<b>284,068</b>
<b>CHANGES IN NET POSITION</b>	<b>(766,088)</b>	<b>(4,552,425)</b>
Net Position, Beginning of Year	5,125,883	9,678,308
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 4,359,795</b>	<b>\$ 5,125,883</b>
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The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 12,805,242	\$ 11,529,133
Receipts from Others	-	21,218
Dividends Paid	-	(2,000,000)
Claims Paid	(3,222,147)	(7,436,379)
Insurance Purchased	(6,426,610)	(5,890,839)
Payments to Suppliers	(491,553)	(377,758)
Internal Activities	(729,947)	564,436
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,934,985</b>	<b>(3,590,189)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(15,942,257)	(13,542,976)
Sales of Securities	12,037,884	15,509,442
Cash from Investment Earnings	516,524	786,573
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(3,387,849)</b>	<b>2,753,039</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,452,864)</b>	<b>(837,150)</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>3,600,919</b>	<b>4,438,069</b>
<b>END OF YEAR</b>	<b>\$ 2,148,055</b>	<b>\$ 3,600,919</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (837,844)	\$ (4,836,493)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	16,289	318,388
Due From or To Other Funds	(298,029)	968,364
Prepaid Insurance	(133,964)	8,224
Accounts and Other Payables	(55,167)	(15,484)
Unearned Income	35,960	203,992
Claim Liabilities	3,236,268	(307,165)
Unallocated Loss Adjustment Expense Payable	(28,528)	69,985
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,934,985</b>	<b>\$ (3,590,189)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<b>\$ (409,692)</b>	<b>\$ (484,661)</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 20,782,555</u>	<u>\$ 21,019,735</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	5,190,772	5,188,335
Increase (Decrease) in the provision for claims of prior fiscal years	<u>1,239,115</u>	<u>2,010,864</u>
B. Total incurred claims and claim adjustment expenses	<u>6,429,887</u>	<u>7,199,199</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,528	26,698
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>3,218,619</u>	<u>7,409,681</u>
C. Total Payments	<u>3,222,147</u>	<u>7,436,379</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 23,990,295</u>	<u>\$ 20,782,555</u>
Current Claim Liabilities	\$ 5,000,000	\$ 4,750,000
Noncurrent Claim Liabilities	18,990,295	16,032,555
Total Claim Liabilities	<u>\$ 23,990,295</u>	<u>\$ 20,782,555</u>

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
MEDICAL MALPRACTICE PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums	\$ 7,529,101	\$ 11,327,515	\$ 13,426,219	\$ 15,937,410	\$ 17,155,393	\$ 12,173,672	\$ 12,532,734	\$ 11,846,353	\$ 11,636,142	\$ 11,637,252
Less Ceded	(3,419,312)	(6,750,488)	(8,004,074)	(8,046,869)	(7,439,209)	(5,883,306)	(5,454,440)	(5,805,786)	(5,905,259)	(6,292,646)
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared	(3,079,349)	-	-	-	-	-	-	-	-	-
Investment Earnings and Other Income	1,312,835	(401,951)	843,809	1,424,555	1,528,220	496,931	436,319	96,357	184,558	227,932
<b>1. Total Revenues Available For Payment of Claims</b>	<b>2,343,275</b>	<b>4,175,076</b>	<b>6,265,954</b>	<b>9,315,096</b>	<b>11,244,404</b>	<b>6,787,297</b>	<b>7,514,613</b>	<b>6,136,924</b>	<b>5,915,441</b>	<b>5,572,538</b>
<b>2. Unallocated Loss Adjustment Expense</b>	<b>4,394</b>	<b>2,206</b>	<b>5,059</b>	<b>90,627</b>	<b>64,539</b>	<b>135,446</b>	<b>164,672</b>	<b>371,286</b>	<b>359,727</b>	<b>347,142</b>
<b>3. Estimated Incurred Claims Less Ceded Claims Net Incurred Claims and Expenses, End of Policy Year</b>	<b>3,034,336</b>	<b>4,084,610</b>	<b>3,613,550</b>	<b>4,437,870</b>	<b>3,656,585</b>	<b>4,381,570</b>	<b>4,824,102</b>	<b>4,921,729</b>	<b>5,188,335</b>	<b>5,216,626</b>
<b>4. Cumulative Paid Claims as of:</b>										
End of the Policy Year	-	15,637	74,862	-	31,852	-	23,848	51,305	26,698	3,528
One Year Later	50,367	1,345,553	507,297	18,511	77,244	148,321	96,315	1,282,361	181,822	
Two Years Later	604,501	8,516,048	3,110,402	2,553,723	319,382	1,371,988	906,689	1,826,879		
Three Years Later	1,371,712	10,483,552	3,355,692	4,055,429	4,051,699	4,639,462	3,037,613			
Four Years Later	1,371,712	10,484,222	3,367,720	4,079,102	6,201,597	4,715,066				
Five Years Later	1,552,442	10,484,222	4,875,582	4,079,470	6,201,597					
Six Years Later	1,680,450	10,484,222	4,875,582	4,389,246						
Seven Years Later	1,769,545	10,484,222	4,875,582							
Eight Years Later	1,706,078	10,484,222								
Nine Years Later	1,706,078									
<b>5. Reestimated Ceded Claims and Expenses</b>	<b>-</b>	<b>8,353,599</b>	<b>2,597,454</b>	<b>5,629,920</b>	<b>3,967,800</b>	<b>3,999,616</b>	<b>2,189,156</b>	<b>1,150,000</b>	<b>1,760,000</b>	<b>-</b>
<b>6. Reestimated Incurred Claims and Expenses</b>										
End of the Policy Year	3,034,336	4,084,610	3,613,550	4,437,870	3,656,585	4,381,570	4,824,102	4,921,729	5,188,335	5,213,626
One Year Later	3,762,269	7,163,986	4,346,863	4,258,727	5,904,394	4,293,989	3,957,784	5,161,374	5,583,913	
Two Years Later	3,193,133	12,080,474	6,131,088	6,425,558	5,685,879	7,437,370	5,661,931	7,402,556		
Three Years Later	2,824,334	11,931,770	5,819,342	5,852,567	6,747,768	8,050,504	5,510,518			
Four Years Later	1,916,154	12,126,970	5,108,908	5,048,560	6,922,698	6,749,092				
Five Years Later	1,756,790	11,897,954	5,102,985	5,149,894	6,611,328					
Six Years Later	1,889,281	11,128,701	4,979,777	5,620,907						
Seven Years Later	1,804,925	10,546,087	4,939,037							
Eight Years Later	1,783,422	10,517,324								
Nine Years Later	1,762,842									
<b>7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year</b>	<b>\$ (1,271,494)</b>	<b>\$ 6,432,714</b>	<b>\$ 1,325,487</b>	<b>\$ 1,183,037</b>	<b>\$ 2,954,743</b>	<b>\$ 2,367,522</b>	<b>\$ 686,416</b>	<b>\$ 2,480,827</b>	<b>\$ 395,578</b>	<b>\$ (3,000)</b>

**MASTER ROLLING OCIP**

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ -	\$ -
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<u>-</u>	<u>-</u>
Prepaid Insurance	1,821,442	-
<b>TOTAL CURRENT ASSETS</b>	<u>1,821,442</u>	<u>-</u>
Noncurrent Assets:		
Due from Other Funds	250,000	-
<b>TOTAL NONCURRENT ASSETS</b>	<u>250,000</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>2,071,442</u>	<u>-</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Due to Other Funds	503,989	
Deferred Income	1,568,335	
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,072,324</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,072,324</u>	<u>-</u>
<b>NET POSITION:</b>		
Unrestricted	(882)	-
<b>TOTAL NET POSITION</b>	<u>\$ (882)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premium for Transferred Risk	\$ 399,352	\$ -
<b>TOTAL OPERATING REVENUES</b>	<u>399,352</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>		
Insurance Premium	<u>399,352</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>399,352</u>	<u>-</u>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	<u>(19)</u>	<u>-</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>(19)</u>	<u>-</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(19)</u>	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Program Financing Expense	<u>(863)</u>	<u>-</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(863)</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	<u>(882)</u>	<u>-</u>
Net Position, Beginning of Year	<u>-</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ (882)</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MASTER ROLLING OWNER CONTROLLED INSURANCE PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,967,687	\$ -
Insurance Purchased	(2,220,794)	-
Internal Activities	253,970	-
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>-</b>
	863	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Program Financing Expense	(863)	-
	<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>
	(863)	-
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
<b>END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (19)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Due From or To Other Funds	253,989	-
Prepaid Insurance	(1,821,442)	-
Deferred Income	1,568,335	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 863</b>	<b>\$ -</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<b>\$ -</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**EIAHEALTH**



## EIAHealth

County Members: 9  
Public Entity Members: 16

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 686,509	\$ 1,210,654
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	686,509	1,210,654
Investments	3,740,917	3,476,712
Accounts Receivable		
Due from Members	405	-
Investment Income Receivable	35,241	48,866
Due from Other Funds	573,891	550,501
<b>TOTAL CURRENT ASSETS</b>	<u>5,036,963</u>	<u>5,286,733</u>
Noncurrent Assets:		
Investments	3,699,706	3,175,709
Due from Other Funds	751,598	743,682
<b>TOTAL NONCURRENT ASSETS</b>	<u>4,451,304</u>	<u>3,919,391</u>
<b>TOTAL ASSETS</b>	<u>9,488,267</u>	<u>9,206,124</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	38,002	5,042
Due to Members	8,065,769	8,005,025
<b>TOTAL CURRENT LIABILITIES</b>	<u>8,103,771</u>	<u>8,010,067</u>
<b>TOTAL LIABILITIES</b>	<u>8,103,771</u>	<u>8,010,067</u>
<b>NET POSITION:</b>		
Unrestricted	1,384,496	1,196,057
<b>TOTAL NET POSITION</b>	<u>\$ 1,384,496</u>	<u>\$ 1,196,057</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Premiums for Transferred Risk	\$ 216,373,262	\$ 202,325,840
Broker Fees	2,248,700	2,159,399
Administration Fees	459,748	558,614
TPA Claims Administration Fees	12,658,330	11,643,187
Eligibility Administration Fees	1,745,863	1,713,102
Other Income	79,746	621,145
	<u>233,565,649</u>	<u>219,021,287</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES:</b>		
Pool Dividends to Members	17,695	29,472
Insurance Premiums and TPA Fees	229,034,466	213,969,630
Broker Fees	2,248,700	2,159,399
Program Services, EIAHealth Program		
Eligibility Administration	1,745,863	1,713,102
Actuarial Consulting Services	65,446	26,563
EIAHealth Seminar	16,387	10,540
	<u>233,128,557</u>	<u>217,908,706</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(256,770)	(343,640)
Operating Transfer Out for Loss Prevention	(17,823)	(42,502)
	<u>(274,593)</u>	<u>(386,142)</u>
<b>TOTAL OPERATING TRANSFERS</b>		
<b>OPERATING INCOME (LOSS)</b>	<u>162,499</u>	<u>726,439</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	25,940	84,807
	<u>25,940</u>	<u>84,807</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		
<b>CHANGES IN NET POSITION</b>	188,439	811,246
Net Position, Beginning of Year	1,196,057	384,811
<b>NET POSITION, END OF YEAR</b>	<u>\$ 1,384,496</u>	<u>\$ 1,196,057</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 233,546,242	\$ 217,947,300
Dividends Paid	(17,695)	(29,472)
Insurance Purchased	(229,034,466)	(213,967,239)
Payments to Suppliers	(3,963,690)	(3,287,308)
Internal Activities	<u>(305,899)</u>	<u>(334,363)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>224,492</u>	<u>328,918</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(5,287,996)	(5,214,641)
Sales of Securities	4,351,691	4,630,258
Cash from Investment Earnings	<u>187,668</u>	<u>226,225</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(748,637)</u>	<u>(358,158)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(524,145)	(29,240)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>1,210,654</u>	<u>1,239,894</u>
<b>END OF YEAR</b>	<u>\$ 686,509</u>	<u>\$ 1,210,654</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 162,499	\$ 726,439
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(405)	85,126
Due From or To Other Funds	(31,306)	51,779
Accounts and Other Payables	32,960	1,754
Dividends Payable	<u>60,744</u>	<u>(536,180)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 224,492</u>	<u>\$ 328,918</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (148,103)</u>	<u>\$ (144,693)</u>

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
EIAHEALTH PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

<b>POLICY YEAR</b>	<b>June 30, 2004</b>	<b>June 30, 2005</b>	<b>June 30, 2006</b>	<b>June 30, 2007*</b>	<b>June 30, 2008</b>	<b>June 30, 2009</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2012</b>	<b>June 30, 2013</b>
Earned Premiums	\$ 28,296,369	\$ 37,018,469	\$ 51,001,376							
Less Ceded	(766,492)	(1,222,381)	(1,328,360)							
Supplemental Assessments	-	-	-	-	-	-	-	-	-	-
Dividends Declared			(10,890,018)							
Investment Earnings										
<b>Total Revenues Available For Payment of Claims</b>	<b>27,529,877</b>	<b>35,796,088</b>	<b>38,782,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unallocated Loss Adjustment Expense	2,419,359	2,383,083	2,563,278	-	-	-	-	-	-	-
Estimated Incurred Claims Less Ceded Claims	26,433,779	34,394,307	39,319,080							
Net Incurred Claims and Expenses, End of Policy Year	26,433,779	34,394,307	39,319,080	-	-	-	-	-	-	-
Cumulative Paid Claims as of:										
End of the Policy Year	22,957,458	29,705,783	33,868,603	-	-	-	-	-	-	-
One Year Later	26,259,963	34,394,307	37,042,786	-	-	-	-	-	-	-
Two Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Three Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Four Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Five Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Six Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Seven Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Eight Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Nine Years Later	26,433,779	34,394,307	37,195,052	-	-	-	-	-	-	-
Reestimated Ceded Claims and Expenses	1,411,460	1,977,756	2,259,132							
Reestimated Incurred Claims and Expenses										
End of the Policy Year	26,433,779	34,394,307	39,319,080	-	-	-	-	-	-	-
One Year Later	26,433,779	34,394,307	39,797,693	-	-	-	-	-	-	-
Two Years Later	26,433,779	34,394,307	37,395,052	-	-	-	-	-	-	-
Three Years Later	26,433,779	34,394,307	37,395,052	-	-	-	-	-	-	-
Four Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Five Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Six Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Seven Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Eight Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Nine Years Later	26,433,779	34,394,307	37,182,270	-	-	-	-	-	-	-
Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ (2,136,810)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\*The program became fully insured effective 7/1/2006

## DENTAL



# Dental

County Members: 29  
Public Entity Members: 97

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 906,410	\$ 1,233,113
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	906,410	1,233,113
Investments	4,939,195	3,541,208
Accounts Receivable		
Due from Members	453,317	453,372
Investment Income Receivable	46,530	49,773
Due from Other Funds	757,718	560,713
<b>TOTAL CURRENT ASSETS</b>	<u>7,103,170</u>	<u>5,838,179</u>
Noncurrent Assets:		
Investments	4,884,784	3,234,622
Due from Other Funds	992,347	757,478
<b>TOTAL NONCURRENT ASSETS</b>	<u>5,877,131</u>	<u>3,992,100</u>
<b>TOTAL ASSETS</b>	<u>12,980,301</u>	<u>9,830,279</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	9,971	-
Dental Claim Liabilities	2,150,000	2,240,288
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,159,971</u>	<u>2,240,288</u>
<b>TOTAL LIABILITIES</b>	<u>2,159,971</u>	<u>2,240,288</u>
<b>NET POSITION:</b>		
Unrestricted	10,820,330	7,589,991
<b>TOTAL NET POSITION</b>	<u>\$ 10,820,330</u>	<u>\$ 7,589,991</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Contribution for Retained Risk	\$ 30,426,135	\$ 27,841,423
Stabilization Fund Revenue	276,074	314,243
Eligibility Admin Fee Revenue	143,386	135,044
Broker Fees	941,955	898,558
Other Income	199,337	-
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>31,986,887</b>	<b>29,189,268</b>
<b>OPERATING EXPENSES:</b>		
Provision for Claims, Current Year	25,691,975	23,453,293
Broker Fees	948,505	898,558
Claims Administration Fees	2,059,562	1,894,039
Other Program Services	2,971	-
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>28,703,013</b>	<b>26,245,890</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(71,643)	(53,116)
Operating Transfer Out for Loss Prevention	(5,032)	(5,120)
	<hr/>	<hr/>
<b>TOTAL OPERATING TRANSFERS</b>	<b>(76,675)</b>	<b>(58,236)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,207,199</b>	<b>2,885,142</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	23,140	79,629
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>23,140</b>	<b>79,629</b>
<b>CHANGES IN NET POSITION</b>	<b>3,230,339</b>	<b>2,964,771</b>
Net Position, Beginning of Year	7,589,991	4,625,220
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 10,820,330</b>	<b>\$ 7,589,991</b>
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 31,787,605	\$ 29,729,576
Receipts from Others	-	64,517
Claims Paid	(25,782,263)	(23,958,117)
Payments to Suppliers	(2,801,730)	(2,792,597)
Internal Activities	(508,549)	(415,805)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>2,695,063</u>	<u>2,627,574</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(7,062,256)	(6,825,177)
Sales of Securities	3,881,989	4,347,544
Cash from Investment Earnings	158,501	198,253
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(3,021,766)</u>	<u>(2,279,380)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(326,703)	348,194
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>1,233,113</u>	<u>884,919</u>
<b>END OF YEAR</b>	<u>\$ 906,410</u>	<u>\$ 1,233,113</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 3,207,199	\$ 2,885,142
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	55	604,825
Due From or To Other Funds	(431,874)	(357,569)
Accounts and Other Payables	9,971	-
Claim Liabilities	(90,288)	(504,824)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 2,695,063</u>	<u>\$ 2,627,574</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized (loss) gains on investments	<u>\$ (132,118)</u>	<u>\$ (135,858)</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
RECONCILIATION OF UNPAID CLAIMS LIABILITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
A. Unpaid claims and claim adjustment expenses at the beginning of the fiscal year	<u>\$ 2,240,288</u>	<u>\$ 2,745,112</u>
Incurred claims and claim adjustment expenses:		
Provision for claims of the current fiscal year	<u>25,691,975</u>	<u>23,453,293</u>
B. Total incurred claims and claim adjustment expenses	<u>25,691,975</u>	<u>23,453,293</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	23,541,975	21,213,005
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>2,240,288</u>	<u>2,745,112</u>
C. Total Payments	<u>25,782,263</u>	<u>23,958,117</u>
D. Total unpaid claims and claim adjustment expenses at the end of the fiscal year (A+B-C)	<u>\$ 2,150,000</u>	<u>\$ 2,240,288</u>
Current Claim Liabilities	<u>\$ 2,150,000</u>	<u>\$ 2,240,288</u>
Total Claim Liabilities	<u>\$ 2,150,000</u>	<u>\$ 2,240,288</u>

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM FUND  
NOTES TO EARNED PREMIUMS AND CLAIMS DEVELOPMENT INFORMATION  
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2013**

The following schedule illustrates how the Fund's earned premiums (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Fund as of the end of each of the last 10 years. The rows of the schedule are defined as follows:

1. This line shows the total of each fiscal year's earned premium, revenues ceded to reinsurers and stop-loss policies, and investment revenues. The total revenues are net of dividends returned to members.
2. This line shows the liability for unallocated loss adjustment expenses not allocated to individual claims.
3. This line shows the Fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event occurred that triggered coverage under the contract (called policy year).
4. This section of rows shows the cumulative amounts paid as of the end of each successive year for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each policy year.
6. This section of rows shows how each policy year's incurred claims increased or decreased as of the end of each successive year. These annual reestimations result from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the schedule show data for successive policy years.

**CSAC EXCESS INSURANCE AUTHORITY  
DENTAL PROGRAM  
SCHEDULE OF EARNED PREMIUM AND CLAIMS DEVELOPMENT  
FOR THE TEN YEAR PERIOD ENDED JUNE 30, 2013**

POLICY YEAR	June 30, 2004	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009*	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013
Earned Premiums							\$ 7,242,783	\$ 20,356,118	\$ 27,841,423	\$ 30,426,135
Less Ceded							-	-	-	-
Supplemental Assessments										
Dividends Declared							-	-	-	-
Investment Earnings							-	-	-	-
1. Total Revenues Available For Payment of Claims	-	-	-	-	-	-	7,242,783	20,356,118	27,841,423	30,426,135
2. Unallocated Loss Adjustment Expense							-	-	-	-
3. Estimated Incurred Claims Less Ceded Claims							5,887,820	20,365,918	25,347,332	27,751,537
Net Incurred Claims and Expenses, End of Policy Year	-	-	-	-	-	-	5,887,820	20,365,918	25,347,332	27,751,537
4. Cumulative Paid Claims as of:										
End of the Policy Year	-	-	-	-	-	-	4,763,486	16,156,452	21,213,005	27,751,537
One Year Later	-	-	-	-	-	-	5,551,354	18,901,566	25,347,332	
Two Years Later	-	-	-	-	-	-	5,551,354	20,365,918		
Three Years Later	-	-	-	-	-	-	5,887,820			
Four Years Later	-	-	-	-	-	-				
Five Years Later	-	-	-	-	-	-				
Six Years Later	-	-	-	-	-	-				
Seven Years Later	-	-	-	-	-	-				
Eight Years Later	-	-	-	-	-	-				
Nine Years Later	-	-	-	-	-	-				
5. Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
6. Reestimated Incurred Claims and Expenses										
End of the Policy Year							5,551,354	18,901,566	23,453,293	27,751,537
One Year Later							5,551,354	18,901,566	25,347,332	
Two Years Later							5,551,354	20,365,918		
Three Years Later							5,887,820			
Four Years Later										
Five Years Later										
Six Years Later										
Seven Years Later										
Eight Years Later										
Nine Years Later										
7. Increase (Decrease) in Estimated Incurred Claims and Expense from End of the Policy Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\*The Dental Program started January 1, 2010

## MISCELLANEOUS PROGRAMS

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash, EIA Treasury	\$ 171,731	\$ 513,711
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	171,731	513,711
Investments	935,793	1,475,256
Accounts Receivable		
Due From Members	487,360	168,289
Investment Income Receivable	8,816	20,735
Other Receivables	-	519
Due from Other Funds	143,559	233,591
Prepaid Insurance	4,825,020	2,175,870
<b>TOTAL CURRENT ASSETS</b>	<u>6,572,279</u>	<u>4,587,971</u>
Noncurrent Assets:		
Investments	925,484	1,347,533
Due from Other Funds	188,013	315,563
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,113,497</u>	<u>1,663,096</u>
<b>TOTAL ASSETS</b>	<u>7,685,776</u>	<u>6,251,067</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,000,733	1,788,077
Due to Members	81,261	55,338
Deferred Income	3,401,533	2,206,144
<b>TOTAL CURRENT LIABILITIES</b>	<u>5,483,527</u>	<u>4,049,559</u>
<b>TOTAL LIABILITIES</b>	<u>5,483,527</u>	<u>4,049,559</u>
<b>NET POSITION:</b>		
Unrestricted	<u>2,202,249</u>	<u>2,201,508</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,202,249</u>	<u>\$ 2,201,508</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Dividends	\$ 100,827	\$ 11,173
Premiums For Transferred Risk:		
Optional Excess Liability Insurance	2,865,832	2,655,060
Watercraft Insurance	175,104	162,939
Owner Controlled Insurance Program	1,139,042	524,352
Aviation Insurance	1,166,844	1,506,387
Course of Construction Insurance	630,062	612,992
Crime and Honesty Bonds	1,092,482	868,735
SPIP/SLIP	45,563	-
Cyber Liability	244,422	-
Pollution Liability	690,912	876,329
Inmate Medical Insurance	486,357	83,831
Employee Assistance Program	1,314,319	1,361,059
Life, Long-Term Disability and ADD Insurance	11,311,106	10,675,072
Vision Insurance	139,601	140,355
Other Miscellaneous Programs	18,982	122,450
	<b>21,421,455</b>	<b>19,600,734</b>
 <b>OPERATING EXPENSES:</b>		
Member Dividends, Watercraft	100,827	11,173
Insurance Premiums:		
Optional Excess Liability Insurance	2,865,828	2,655,063
Watercraft Insurance	174,543	1,506,386
Owner Controlled Insurance Program	1,139,042	-
Aviation Insurance	1,166,844	162,935
Course of Construction Insurance	630,062	612,992
Crime and Honesty Bonds	1,092,480	868,735
SPIP/SLIP	45,563	876,365
Cyber Liability	244,181	83,831
Pollution Liability	690,962	524,352
Inmate Medical Insurance	486,356	1,349,631
Employee Assistance Program	1,314,626	140,355
Life, Long-Term Disability and ADD Insurance	11,311,106	10,675,072
Vision Insurance	139,601	-
Other Miscellaneous Programs	19,193	122,448
	<b>21,421,214</b>	<b>19,589,338</b>
 <b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer Out for General Administration	(15,957)	(39,710)
	<b>(15,957)</b>	<b>(39,710)</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>OPERATING INCOME (LOSS)</b>
	<b>\$ (15,716)</b>	<b>\$ (28,314)</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	\$ 15,079	\$ 35,577
Member Finance Fees	1,378	-
	<hr/>	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>16,457</b>	<b>35,577</b>
	<hr/>	<hr/>
<b>CHANGES IN NET POSITION</b>	<b>741</b>	<b>7,263</b>
	<hr/>	<hr/>
Net Position, Beginning of Year	2,201,508	2,194,245
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,202,249</b>	<b>\$ 2,201,508</b>
	<hr/> <hr/>	<hr/> <hr/>

**CSAC EXCESS INSURANCE AUTHORITY  
MISCELLANEOUS PROGRAMS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 22,222,869	\$ 20,598,893
Insurance Purchased	(23,756,362)	(20,514,469)
Receipts from Others	100,827	11,173
Dividends Paid	(100,827)	(11,173)
Internal Activities	<u>201,625</u>	<u>(42,294)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,331,868)</u>	<u>42,130</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(1,654,299)	(2,108,675)
Sales of Securities	2,529,716	1,942,475
Financing Fees	1,378	-
Cash from Investment Earnings	<u>113,093</u>	<u>95,483</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>989,888</u>	<u>(70,717)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(341,980)	(28,587)
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>513,711</u>	<u>542,298</u>
<b>END OF YEAR</b>	<u>\$ 171,731</u>	<u>\$ 513,711</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (15,716)	\$ (28,314)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Changes in Assets and Liabilities		
Accounts Receivable, Net	(318,552)	39,098
Due From or To Other Funds	217,582	(2,584)
Prepaid Insurance	(2,649,150)	(892,340)
Accounts and Other Payables	238,579	(35,411)
Deferred Income	<u>1,195,389</u>	<u>961,681</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (1,331,868)</u>	<u>\$ 42,130</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (86,095)</u>	<u>\$ (60,701)</u>

## **GENERAL ADMINISTRATION**

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Petty Cash Fund	\$ 300	\$ 300
Cash, EIA Treasury	596,234	1,015,430
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	596,534	1,015,730
Investments	3,248,991	2,916,075
Accounts Receivable		
Due from Members	34,224	44,054
Investment Income Receivable	30,607	40,986
Other Receivables	-	551
Due from Other Funds	498,425	461,730
Prepaid Expenses	12,218	12,168
<b>TOTAL CURRENT ASSETS</b>	4,420,999	4,491,294
Noncurrent Assets:		
Investments	3,213,199	2,663,610
Due from Other Funds	652,763	623,760
Capital Assets:		
Office Furniture and Equipment	1,188,907	1,168,141
Computer Software	658,576	377,691
Less Accumulated Depreciation, Furniture & Equipment	(1,164,668)	(1,039,129)
<b>TOTAL NONCURRENT ASSETS</b>	4,548,777	3,794,073
<b>TOTAL ASSETS</b>	8,969,776	8,285,367
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	443,838	59,036
Compensated Absences	58,762	52,375
<b>TOTAL CURRENT LIABILITIES</b>	502,600	111,411
Noncurrent Liabilities:		
Compensated Absences	235,050	209,489
Other Post Employment Benefits	412,641	347,877
<b>TOTAL NONCURRENT LIABILITIES</b>	647,691	557,366
<b>TOTAL LIABILITIES</b>	1,150,291	668,777
<b>NET POSITION:</b>		
Invested in Capital Assets, Net of Related Debt	682,815	506,703
Unrestricted	7,136,670	7,109,887
<b>TOTAL NET POSITION</b>	\$ 7,819,485	\$ 7,616,590

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>OPERATING REVENUES:</b>		
Member Services		
Claims Information Systems	\$ 86,964	\$ 97,210
EIA Drug and Alcohol Monitoring Consortium	6,550	6,800
DMV Pull Notice Fees	31,350	29,900
Loss Prevention Seminars and Target Safety Platform Fees	398,701	348,223
Insurance Certificate Tracking Service	116,513	131,357
Other Income		
Investment Management Fees	20,000	20,000
Personal Lines Insurance Program Income	82,183	81,545
Shared Cost Agreements	95,731	28,903
Other Income	417,600	3,776,707
<b>TOTAL REVENUES</b>	<b>1,255,592</b>	<b>4,520,645</b>
<b>EXPENSES:</b>		
Salaries and Benefits	6,087,168	5,691,948
Staff Support	749,565	586,814
Services and Supplies	865,889	839,911
Member Services	1,187,413	1,339,243
Subsidies	1,005,426	717,162
Depreciation	146,538	125,925
<b>TOTAL EXPENSES</b>	<b>10,041,999</b>	<b>9,301,003</b>
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfers In from		
Excess Workers' Compensation	3,287,554	3,171,962
Primary Workers' Compensation	1,844,692	1,913,067
Dental	76,675	58,236
EIAHealth	274,593	386,142
General Liability I	1,477,467	1,385,349
Primary General Liability	531,796	631,020
General Liability II	975,751	980,678
Miscellaneous Programs	15,957	39,710
Property Insurance	496,516	500,673
Medical Malpractice	431,918	403,928
OCIP	19	
Operating Transfer Out to		
Building Fund	(429,275)	(429,275)
<b>TOTAL OPERATING TRANSFERS</b>	<b>8,983,663</b>	<b>9,041,490</b>
<b>OPERATING INCOME (LOSS)</b>	<b>197,256</b>	<b>4,261,132</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment Income	30,189	95,599
Investment Expenses	(24,550)	(31,067)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>5,639</b>	<b>64,532</b>
<b>CHANGES IN NET POSITION</b>	<b>202,895</b>	<b>4,325,664</b>
Net Position, Beginning of Year	7,616,590	3,290,926
<b>NET POSITION, END OF YEAR</b>	<b>\$ 7,819,485</b>	<b>\$ 7,616,590</b>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
GENERAL ADMINISTRATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Members	\$ 1,065,867	\$ 485,287
Receipts from Others	200,106	142,119
Payments to Suppliers	(3,423,541)	(3,434,745)
Payments to Employees	(5,990,456)	(5,606,622)
Internal Activities	8,917,965	9,048,494
	<u>769,941</u>	<u>634,533</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES:</b>		
Purchase of Furniture and Equipment	(322,651)	(149,142)
Sale of Furniture and Equipment	-	-
	<u>(322,651)</u>	<u>(149,142)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Securities	(6,119,395)	(5,919,495)
Sales of Securities	5,064,525	5,219,475
Cash from Investment Earnings	212,934	254,724
Investment Expenses	(24,550)	(31,067)
	<u>(866,486)</u>	<u>(476,363)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(419,196)	9,028
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF YEAR</b>	<u>1,015,730</u>	<u>1,006,702</u>
<b>END OF YEAR</b>	<u>\$ 596,534</u>	<u>\$ 1,015,730</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 197,256	\$ 4,261,132
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	146,538	125,925
Changes in Assets and Liabilities		
Accounts Receivable, Net	10,381	73,547
Due From or To Other Funds	(65,698)	7,004
Prepaid Insurance and Expenses	(50)	6,714
Accounts and Other Payables	449,566	(3,863,777)
Compensated Absences	31,948	23,988
	<u>769,941</u>	<u>634,533</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ (172,364)</u>	<u>\$ (163,105)</u>

The notes to the financial statements are an integral part of this statement.

## **BUILDING**

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>ASSETS:</b>		
Current Assets:		
Cash in Bank	\$ 195,981	\$ 177,803
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	195,981	177,803
<b>TOTAL CURRENT ASSETS</b>	<u>195,981</u>	<u>177,803</u>
Noncurrent Assets:		
Capital Assets		
Land	1,000,000	1,000,000
Building	5,738,000	5,738,000
Less Accumulated Depreciation, Building	(398,592)	(284,708)
Tenant Improvements	2,350,280	2,350,280
Less Accumulated Depreciation, Tenant Improvements	(759,720)	(544,637)
Lease Acquisition Costs	127,291	127,291
Less accumulated Amortization	(62,566)	(44,224)
<b>TOTAL NONCURRENT ASSETS</b>	<u>7,994,693</u>	<u>8,342,002</u>
<b>TOTAL ASSETS</b>	<u>8,190,674</u>	<u>8,519,805</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	1,000	-
Mortgage Payable to Other Funds	429,275	429,275
Deferred Lease Income	11,493	5,704
Security Deposits	26,676	36,027
<b>TOTAL CURRENT LIABILITIES</b>	<u>468,444</u>	<u>471,006</u>
Noncurrent Liabilities:		
Mortgage Payable to Other Funds	7,350,134	7,905,440
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>7,350,134</u>	<u>7,905,440</u>
<b>TOTAL LIABILITIES</b>	<u>7,818,578</u>	<u>8,376,446</u>
<b>NET POSITION:</b>		
Invested in Capital Assets	7,994,693	8,342,002
Unrestricted	(7,622,597)	(8,198,643)
<b>TOTAL NET POSITION</b>	<u>\$ 372,096</u>	<u>\$ 143,359</u>

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>EXPENSES:</b>		
Building Maintenance and Operating Expense	\$ 151,947	\$ 147,809
Depreciation	130,885	130,885
	<b>TOTAL EXPENSES</b>	<b>278,694</b>
	282,832	278,694
<b>OPERATING TRANSFERS IN OR (OUT):</b>		
Operating Transfer In from the General Administration Fund for Office Rents	429,275	429,275
	<b>TOTAL OPERATING TRANSFERS</b>	<b>429,275</b>
	429,275	429,275
	<b>OPERATING INCOME(LOSS)</b>	<b>150,581</b>
	146,443	150,581
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Lease Income	487,378	506,259
Building Maintenance and Operating Expense	(129,437)	(125,912)
Building Depreciation	(198,082)	(206,544)
Amortization of Lease Commissions	(18,343)	(18,343)
Interest Expense	(59,222)	(124,723)
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>30,737</b>
	82,294	30,737
	<b>CHANGES IN NET POSITION</b>	<b>181,318</b>
	228,737	181,318
Net Position, Beginning of Year	143,359	(37,959)
	<b>NET POSITION, END OF YEAR</b>	<b>\$ 143,359</b>
	\$ 372,096	\$ 143,359

The notes to the financial statements are an integral part of this statement.

**CSAC EXCESS INSURANCE AUTHORITY  
IRON POINT BUILDING PROGRAM  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Internal Activities	\$ (126,031)	\$ (11,345)
Receipts from Others	5,789	5,704
Payments to Suppliers	<u>(150,947)</u>	<u>(147,809)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(271,189)</u>	<u>(153,450)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Lease Receipts	478,027	506,259
Operating Lease Disbursements	(129,438)	(125,912)
Program Financing Expenses	<u>(59,222)</u>	<u>(124,723)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>289,367</u>	<u>255,624</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>18,178</u>	<u>102,174</u>
<b>CASH AND CASH EQUIVALENTS: BEGINNING OF YEAR</b>	<u>177,803</u>	<u>75,629</u>
<b>END OF YEAR</b>	<u>\$ 195,981</u>	<u>\$ 177,803</u>
<b>RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 146,443	\$ 150,581
Adjustments to reconcile operating income (loss) to net cash provided (used) by building fund activities		
Depreciation	130,885	130,885
Changes in Assets and Liabilities		
Due From or To Other Funds	(555,306)	(440,620)
Accounts Payable	1,000	-
Deferred Lease Income	<u>5,789</u>	<u>5,704</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (271,189)</u>	<u>\$ (153,450)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Changes in unrealized gains (loss) on investments	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**CSAC Excess Insurance Authority  
Budget Highlights  
For the Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual Results	Variance (%)	Variance (\$)
<b>Revenues:</b>					
Premiums for Transferred Risk	\$ 440,397,821	\$ 440,397,821	\$ 384,507,793	-13%	\$ (55,890,028)
Dividend Income	64,142	64,142	213,606	233%	149,464
Broker Fees	6,977,575	6,977,575	7,382,605	6%	405,030
Contributions for Retained Risk	118,877,495	118,877,495	129,253,959	9%	10,376,464
Public Entity Fees	494,442	494,442	480,351	-3%	(14,091)
Investment Income	3,887,250	3,887,250	1,574,668	-59%	(2,312,582)
Financing Fees	34,579	34,579	232,880	573%	198,301
Administration Fees	10,733,268	10,733,268	12,617,685	18%	1,884,417
Member Services	702,450	702,450	640,078	-9%	(62,372)
Tenant Income	513,330	513,330	487,378	-5%	(25,952)
Other Income	144,095	144,095	1,503,697	944%	1,359,602
<b>Total Revenues</b>	<b>582,826,447</b>	<b>582,826,447</b>	<b>538,894,700</b>	<b>-8%</b>	<b>(43,931,747)</b>
<b>Expenses:</b>					
Member Dividends	6,586,142	6,586,142	10,281,301	-56%	(3,695,159)
Insurance Expense	438,852,435	438,852,435	383,759,144	13%	55,093,291
Broker Fees	6,977,575	6,977,575	7,384,093	-6%	(406,518)
Provision for Claims	103,634,290	103,634,290	99,860,765	4%	3,773,525
Unallocated Loss Adjustment Expenses	178,540	178,540	18,714	90%	159,826
Program Services	14,931,184	14,931,184	13,831,864	7%	1,099,320
Member Services and Subsidies	5,380,860	5,380,860	2,192,839	59%	3,188,021
General Administrative Expense	8,018,948	8,018,948	7,727,172	4%	291,776
Building Operation Expense	335,740	335,740	281,384	16%	54,356
Depreciation	502,261	502,261	493,848	2%	8,413
Delegated to Committees	410,000	410,000	-	100%	410,000
<b>Total Expenses</b>	<b>585,807,975</b>	<b>585,807,975</b>	<b>525,831,124</b>	<b>10%</b>	<b>59,976,851</b>
<b>Total Income (Loss)</b>	<b>\$ (2,981,528)</b>	<b>\$ (2,981,528)</b>	<b>\$ 13,063,576</b>	<b>538%</b>	<b>\$ 16,045,104</b>
<b>Change in Net Position</b>	<b>\$ (2,981,528)</b>	<b>\$ (2,981,528)</b>	<b>\$ 13,063,576</b>		
<b>Beginning Net Position Balance, July 1</b>	<b>105,057,329</b>	<b>105,057,329</b>	<b>105,551,820</b>		
<b>Ending Net Position Balance, June 30</b>	<b>\$ 102,075,801</b>	<b>\$ 102,075,801</b>	<b>\$ 118,615,396</b>		

For purposes of Actual to Budget comparison the above budgets do not include the \$50 million budgeted for both revenue and expense in the Member Growth category. New member revenue and expense is included in the appropriate revenue and expense category.

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the CSAC Excess Insurance Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. They show how revenues and expenses have developed over years. They show how our Net Position has increased, then fallen and increased again.

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Statement of Net Position .....	183
Statement of Revenues, Expenses and Changes in Net Position.....	184
History of Dividends Returned to Members.....	185

### Demographic and Economic Information

These schedules offer demographic and economic information indicators to help the reader understand the environment within which the Authority's financial activities take place. The number of Workers' Compensation, General Liability I, Property, and Medical Malpractice claims is an indicator of the Provision for Claims. Payrolls for Workers' Compensation and General Liability I, together with claims experience are an indicator for premium revenues. Property values are indicators for Property premiums.

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Economic Statistics .....	186
Number of Claims .....	187
Covered Payrolls.....	188
Property Values.....	189

### Operating Information

This schedule contains information regarding Authority employees by department, member participation by program, and the growth of office space.

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Operating Indicators and Statistics .....	190

Schedules showing trends for property tax rates and revenues along with corresponding assessed valuations are not presented since the Authority does not levy such taxes.

Schedules showing bonded debt and related legal debt ratios are also not applicable.

**CSAC EXCESS INSURANCE AUTHORITY  
STATEMENT OF NET POSITION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

**Fiscal Year Ended June 30,**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Assets</b>										
Current Assets	\$ 81,458,198	\$ 134,626,941	\$ 193,088,437	\$ 235,454,127	\$ 228,316,329	\$ 324,629,000	\$ 315,472,521	\$ 312,575,944	\$ 343,635,991	\$ 326,533,622
Noncurrent Assets	128,702,921	171,021,751	180,826,688	231,605,589	311,602,739	264,853,912	231,292,296	251,262,932	230,227,831	261,618,903
Total Assets	210,161,119	305,648,692	373,915,125	467,059,716	539,919,068	589,482,912	546,764,817	563,838,876	573,863,822	588,152,525
<b>Liabilities</b>										
Current Liabilities	76,011,436	90,466,729	93,068,800	104,301,153	111,509,290	117,108,618	104,210,436	97,435,058	108,329,137	117,831,208
Noncurrent Liabilities	129,089,805	189,508,614	223,090,847	251,654,426	290,698,960	326,580,921	324,196,776	362,089,179	359,982,865	351,705,921
Total Liabilities	205,101,241	279,975,343	316,159,647	355,955,579	402,208,250	443,689,539	428,407,212	459,524,237	468,312,002	469,537,129
<b>Net Position</b>										
Invested in Capital Assets	1,079,883	1,085,656	1,805,625	1,735,344	1,608,877	1,495,191	10,706,672	9,181,260	8,848,705	8,677,508
Unrestricted	3,979,995	24,587,693	55,949,853	109,368,793	136,101,941	144,298,182	107,650,933	95,133,379	96,703,115	109,937,888
Total Net Position	\$ 5,059,878	\$ 25,673,349	\$ 57,755,478	\$ 111,104,137	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639	\$ 105,551,820	\$ 118,615,396

**CSAC EXCESS INSURANCE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES:</b>										
Premiums for Transferred Risk	\$ 79,810,939	\$ 83,091,904	\$ 92,045,037	\$ 173,975,051	\$ 220,902,418	\$ 254,320,478	\$ 281,136,570	\$ 316,271,011	\$ 374,220,717	\$ 384,507,793
Supplemental Assessments	8,292,552	4,194,000	-	-	-	-	-	-	-	-
Broker Fees	2,515,219	3,305,346	3,361,874	4,580,817	5,165,546	5,297,432	5,616,485	6,459,876	7,085,654	7,382,605
Contributions for Retained Risk	147,708,469	179,045,793	176,631,382	127,674,773	141,698,901	115,099,254	102,214,702	119,707,240	108,763,785	129,253,959
Dividend Income	-	2,300,878	-	90,614	232,604	140,745	201,158	41,971	75,314	213,606
Member Services	129,954	247,667	445,121	364,496	343,927	359,000	263,004	530,052	613,490	640,078
Administrative Fees	4,118,495	6,773,423	6,274,898	8,108,616	8,340,306	8,685,053	9,963,197	10,155,392	11,487,622	12,617,685
Public Entity Fees	355,370	430,093	436,457	490,997	596,548	504,933	398,951	408,475	456,577	480,351
Program Development Fees	40,750	82,157	16,837	9,800	7,250	11,650	4,200	7,550	3,550	-
Other Income	484,633	1,067,035	1,698,569	843,635	221,866	1,359,005	617,281	2,313,897	7,673,338	1,991,075
Investment Income	3,945,423	6,683,646	10,977,040	23,342,575	30,181,440	17,746,130	15,758,005	9,726,704	5,103,554	1,782,998
<b>Total Revenues</b>	<b>247,401,804</b>	<b>287,221,942</b>	<b>291,887,215</b>	<b>339,481,374</b>	<b>407,690,806</b>	<b>403,523,680</b>	<b>416,173,553</b>	<b>465,622,168</b>	<b>515,483,601</b>	<b>538,870,150</b>
<b>EXPENSES:</b>										
Dividends	-	1,799,998	103,462	90,580	14,953,741	6,413,485	11,488,482	11,062,736	10,291,841	10,281,301
Insurance Expense	82,053,236	85,384,796	89,500,002	172,398,005	214,718,407	246,829,609	271,385,012	303,821,702	372,467,736	383,759,144
Broker Fees	-	-	3,769,564	4,585,935	5,166,381	5,297,219	5,616,545	6,459,283	7,053,183	7,384,093
Provision for Insured Claims	151,237,661	163,395,025	143,708,198	89,400,074	126,800,379	110,454,729	117,204,060	124,443,282	101,501,141	99,860,765
Unallocated Loss Expenses	2,249,137	1,763,656	6,796,235	4,882,061	2,851,370	1,522,169	9,376,859	1,127,804	(424,706)	18,714
Program Services	8,531,903	10,364,856	11,167,253	9,287,690	10,374,736	15,520,612	19,004,605	22,809,139	13,426,729	13,831,864
Member Services and Subsidies	-	-	-	482,559	588,184	3,070,751	2,210,316	2,027,109	2,056,405	2,192,839
General Administration	2,404,911	3,626,201	4,451,349	4,760,032	5,376,551	6,087,504	6,781,774	7,150,235	7,118,673	7,702,622
Building Operating Expenses	80,384	92,294	95,342	-	-	-	124,242	408,073	273,723	493,848
Depreciation	142,369	181,645	213,681	245,779	254,376	245,047	417,426	355,771	481,695	281,384
<b>Total Expenses</b>	<b>246,699,601</b>	<b>266,608,471</b>	<b>259,805,086</b>	<b>286,132,715</b>	<b>381,084,125</b>	<b>395,441,125</b>	<b>443,609,321</b>	<b>479,665,134</b>	<b>514,246,420</b>	<b>525,806,574</b>
Changes in Net Position	702,203	20,613,471	32,082,129	53,348,659	26,606,681	8,082,555	(27,435,768)	(14,042,966)	1,237,181	13,063,576
<b>NET POSITION:</b>										
Beginning Net Position	4,357,675	5,059,878	25,673,349	57,755,478	111,104,137	137,710,818	145,793,373	118,357,605	104,314,639	105,551,820
Ending Net Position	\$ 5,059,878	\$ 25,673,349	\$ 57,755,478	\$ 111,104,137	\$ 137,710,818	\$ 145,793,373	\$ 118,357,605	\$ 104,314,639	\$ 105,551,820	\$ 118,615,396

**CSAC EXCESS INSURANCE AUTHORITY  
HISTORY OF DIVIDENDS RETURNED TO MEMBERS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

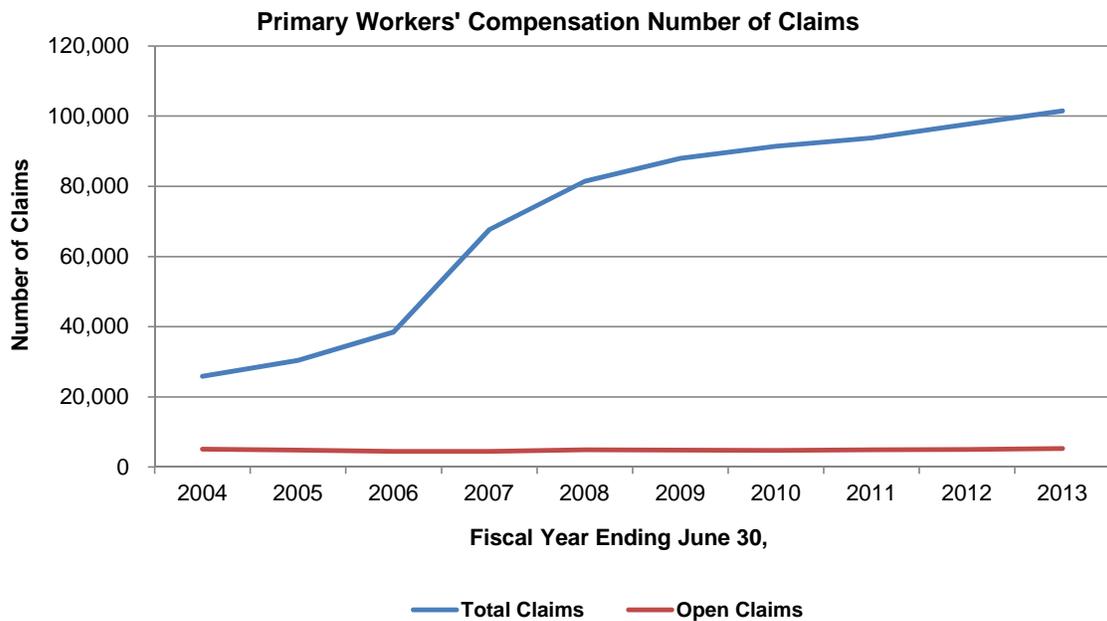
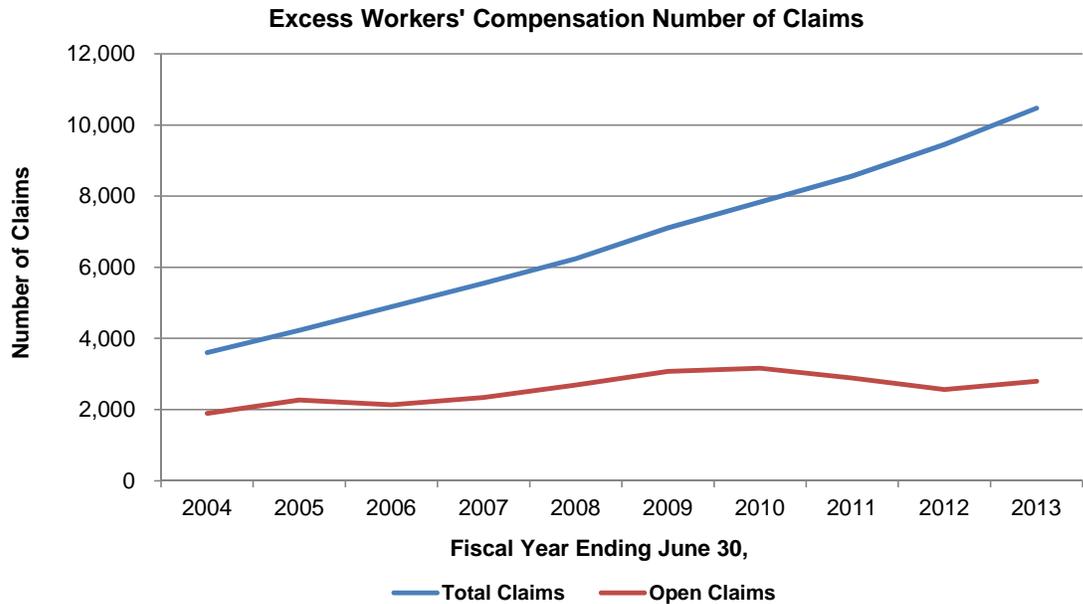
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excess Workers' Compensation										
Pool Dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance	-	-	-	-	-	-	-	-	-	-
Primary Workers' Compensation	-	-	-	-	4,000,000	4,000,000	8,000,000	7,500,000	7,000,000	6,500,000
Employee Benefits										
EIAHealth Program	-	-	-	-	8,721,137	172,740	1,287,324	1,202,694	29,472	17,695
General Liability I Program										
Pool Dividend	-	1,799,998	103,462	-	2,000,000	2,100,000	-	-	-	3,000,000
Primary General Liability	-	-	-	-	-	-	-	-	1,187,055	550,000
General Liability II Program										
Mega Fund	-	-	-	-	-	-	-	-	-	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Miscellaneous Programs	-	-	-	35,222	134,506	140,745	102,066	-	11,173	100,827
Property	-	-	-	55,358	98,098	-	99,092	41,971	64,141	112,779
Medical Malpractice										
Mega Fund	-	-	-	-	-	-	2,000,000	-	2,000,000	-
Reinsurance	-	-	-	-	-	-	-	-	-	-
Pool 2	-	-	-	-	-	-	-	-	-	-
Building Fund	-	-	-	-	-	-	-	2,318,071	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,799,998</b>	<b>\$ 103,462</b>	<b>\$ 90,580</b>	<b>\$ 14,953,741</b>	<b>\$ 6,413,485</b>	<b>\$ 11,488,482</b>	<b>\$ 11,062,736</b>	<b>\$ 10,291,841</b>	<b>\$ 10,281,301</b>

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC STATISTICS  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

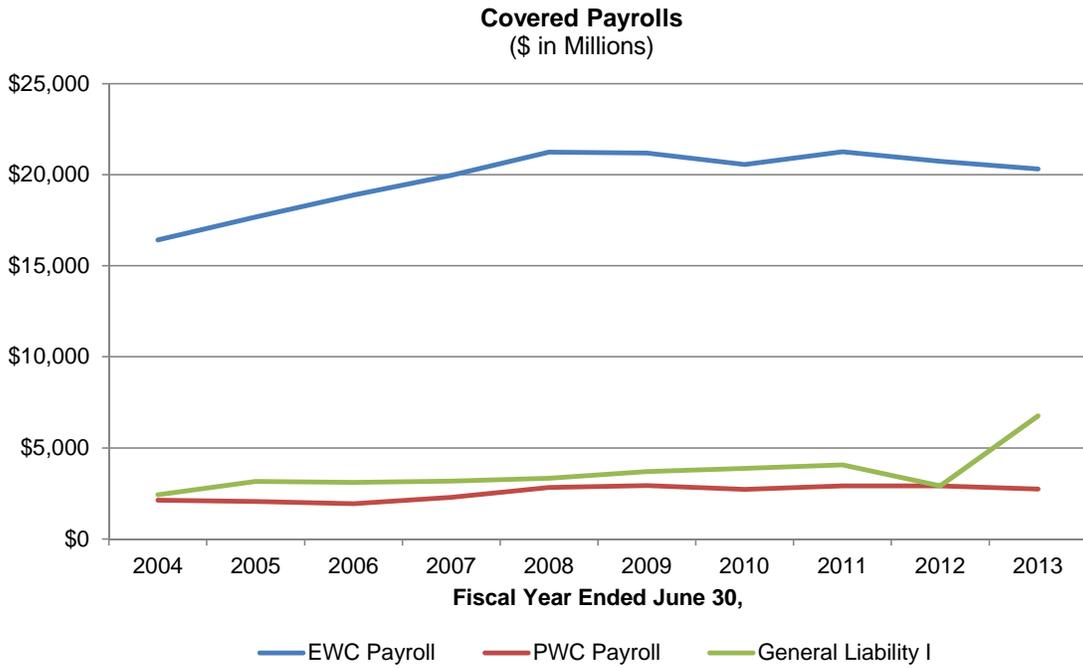
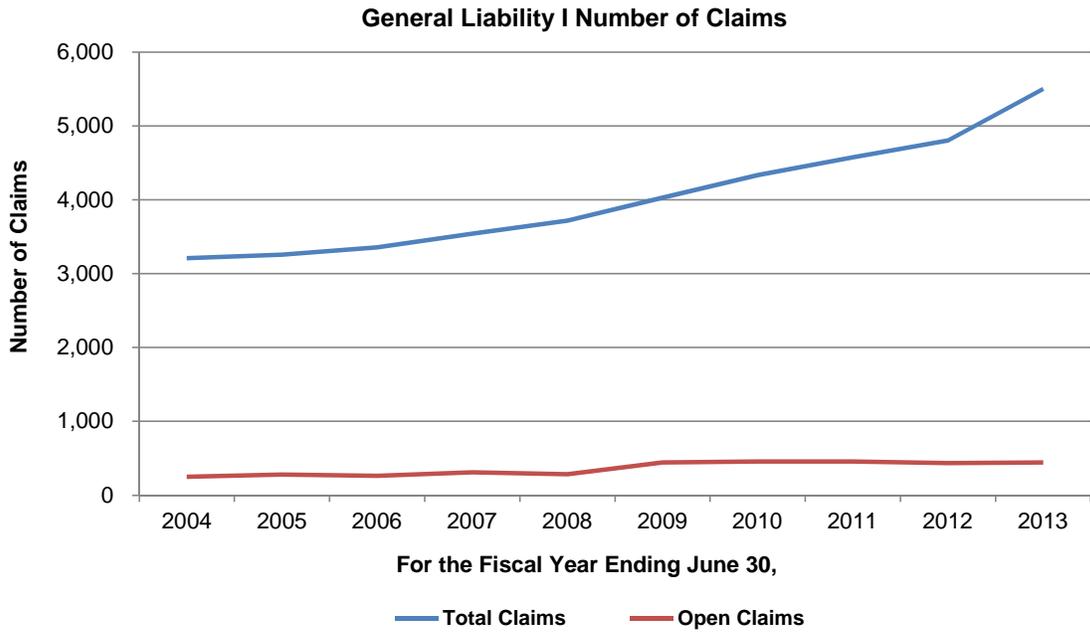
	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Excess Workers' Compensation</b>										
Total Number of Claims	3,606	4,224	4,893	5,556	6,241	7,110	7,829	8,569	9,453	10,472
Open Claims	1,896	2,268	2,136	2,342	2,693	3,073	3,165	2,884	2,561	2,800
Covered Payroll	\$ 16,413,451,722	\$ 17,666,726,390	\$ 18,880,122,499	\$ 19,963,647,283	\$ 21,233,785,218	\$ 21,185,756,039	\$ 21,271,835,420	\$ 21,247,944,019	\$ 20,727,171,214	\$ 20,360,673,861
<b>Primary Workers' Compensation</b>										
Total Number of Claims	25,892	30,427	38,507	67,672	81,486	87,972	91,403	93,795	98,618	102,474
Open Claims	5,082	4,825	4,505	4,520	4,952	4,860	4,787	4,907	5,212	5,304
Covered Payroll	\$ 2,137,221,267	\$ 2,066,741,701	\$ 1,929,065,067	\$ 2,284,268,813	\$ 2,830,424,192	\$ 2,939,832,664	\$ 2,714,848,814	\$ 2,923,194,417	\$ 2,919,336,198	
<b>General Liability I</b>										
Total Number of Claims	3,212	3,256	3,358	3,541	3,720	4,029	4,336	4,575	4,803	5,058
Open Claims	249	280	264	309	284	443	457	458	437	446
Covered Payroll	\$2,420,260,318	\$3,156,930,780	\$ 3,110,975,094	\$ 3,172,369,141	\$ 3,339,173,108	\$ 3,703,780,006	\$ 4,297,349,507	\$ 4,059,376,736	\$ 5,281,330,317	\$ 6,913,807,908
<b>Property</b>										
Total Number of EIA Claims	358	409	513	661	705	869	1,133	1,039	1,740	2,154
Open EIA Claims	37	73	97	96	46	114	130	24	95	28
Total Number of Excess Claims	765	817	725	763	896	923	1,001	1,113	1,135	1,208
Open Excess Claims	70	39	28	38	106	67	73	127	80	100
Total Property Values	\$ 28,258,154,605	\$ 30,477,306,076	\$ 30,664,157,372	\$ 34,095,145,828	\$ 37,738,459,718	\$ 41,168,435,680	\$ 45,817,222,183	\$ 49,489,556,840	\$ 51,904,952,869	\$ 53,581,274,859

**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

The best economic indicator of the financial stability for the CSAC Excess Insurance Authority is the estimation of incurred claims expense (line 6) and claims paid (line 3) reported in the Schedule of Claim Development and Earned Assessments in the Required Supplemental Information section of the CAFR's Financial Section. Other relevant economic and demographic information would include trends for the number of claims, covered payrolls, property values, and EIAHealth employees and lives covered as shown on the following charts.

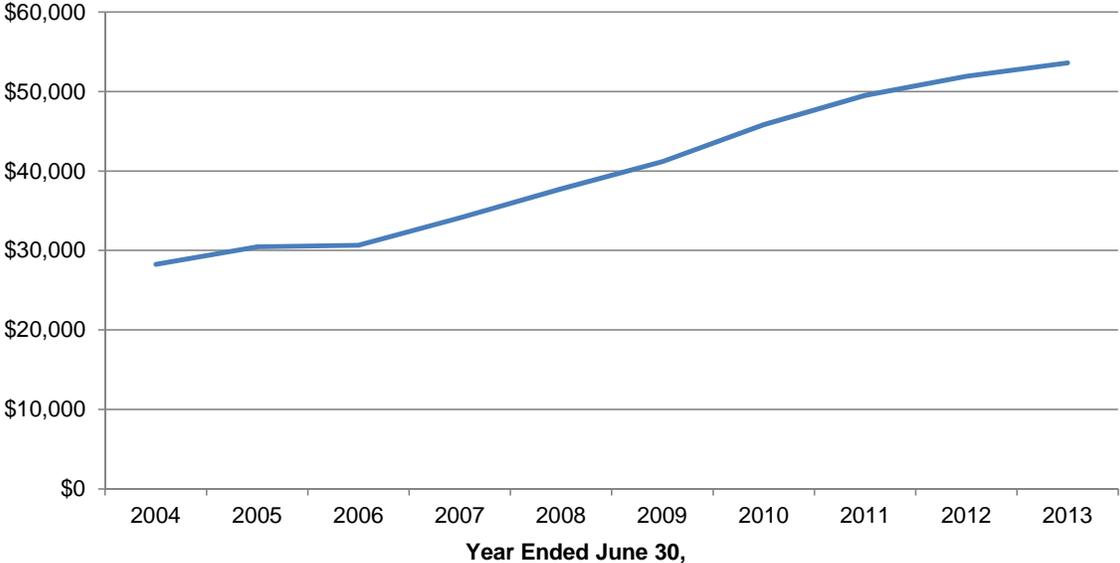


**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**



**CSAC EXCESS INSURANCE AUTHORITY  
ECONOMIC INDICATORS AND INFORMATION  
FOR THE 10-YEAR PERIOD ENDING JUNE 30, 2013**

**Property Insured Values**  
(\$ in Millions)



**CSAC EXCESS INSURANCE AUTHORITY  
OPERATING INDICATORS AND STATISTICS  
FOR THE TEN-YEAR PERIOD ENDING JUNE 30, 2013**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Full-time Equivalent Employees as of June 30</b>	22	29	31	39	43	46	48	51	53	54
<b>Number of Retirees</b>	1	2	3	3	3	3	3	4	4	4
<b>Square footage of Office Space</b>	8,078	9,533	13,324	13,324	13,324	13,324	24,448	25,000	25,000	25,000
<b>Member Units*</b>										
Primary Workers' Compensation	0	0	0	0	0	0	40	42	41	38
Excess Workers' Compensation	0	0	0	0	0	0	161	164	166	161
Primary General Liability	0	0	0	0	0	0	30	29	29	23
General Liability I	0	0	0	0	0	0	97	101	103	100
General Liability II	0	0	0	0	0	0	12	11	11	11
Property	0	0	0	0	0	0	78	81	82	82
Medical Malpractice	0	0	0	0	0	0	49	48	50	50
EIAHealth	0	0	0	0	0	0	15	18	24	25
Dental	0	0	0	0	0	0	0	119	122	126
<b>Total Member Units</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>482</b>	<b>613</b>	<b>628</b>	<b>616</b>
<b>Member Counties</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>55</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>
<b>Member Public Entities</b>	<b>128</b>	<b>142</b>	<b>144</b>	<b>144</b>	<b>142</b>	<b>166</b>	<b>196</b>	<b>289</b>	<b>247</b>	<b>245</b>
<b>Total Members</b>	<b>182</b>	<b>196</b>	<b>198</b>	<b>198</b>	<b>196</b>	<b>221</b>	<b>250</b>	<b>343</b>	<b>301</b>	<b>299</b>